



ORGANIC COTTON MARKET REPORT 2016



WHAT'S INSIDE

Many of the topics and themes in this report are interrelated. To help you navigate in a way that best suits you, we have hyperlinked these parts of the report to make it more interactive.

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Cover: Dedicated

Description: Ghandi T-shirt in 100% organic and Fairtrade certified cotton from Swedish brand Dedicated.

Meet the organic consumer. He's a "millennial" holding down his first job. He's likely to be informed and active in social media circles. He's going for organic, fairly traded chocolate, beer, and bananas. Rana Plaza put "clothing" on his radar, and he wears his values on his chest. He spends more time on youtube than the telly and he's more likely to swipe a screen than push a button. And yes he's tracing his T-shirt back to the farm.

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TE - DRIVING TRANSFORMATION



It's my pleasant task to welcome you to the 2016 Organic Cotton Market Report. Every year Textile Exchange (TE) charts how the market is developing. Our core belief is that organic cotton production systems can be a key solution in creating market transformation, which will in turn create strong and resilient communities where we are proactively protecting the environment. These communities serve as examples for the social-justice and economic impacts of organic cotton.

In the past year, we've seen increased understanding that, with the proper foundations of transparency and integrity, organic cotton programs deliver real benefits to the least prosperous parts of the supply chain, especially smallholder farmers.

You'll see some wonderful examples of the leaders that are creating and driving the transformation of the cotton industry in this report. At the same time, we must step up and truly embed these successes more deeply within the company structures. We have to consider the way we do business, and "change" is not enough! We change our socks – but they are still socks. In the same way, we substitute one fiber for another without addressing the business model. Transformational change must be the way we do business.

Unfortunately, the industry is still dancing around the true cost of more sustainable fibers. This is not just the case with organic, but across the board, with so many of the preferred fibers. "Not a penny more" is still heard. "Not a penny more" has created the pollution and poverty that we are experiencing. It is time to get to the heart of the matter – is it really about legitimate costs or just greed? While I applaud the steps that some of the initiatives are taking to improve yields (a few cents more may take a farmer from extreme poverty to just poverty) I have to say it just isn't enough.

So, when I talk to people about organic cotton, I'm often asked "but does it really have a positive effect?" The answer is yes! I truly believe that it can be a market driven solution, and we have so many great examples – one in particular that is close to my heart.

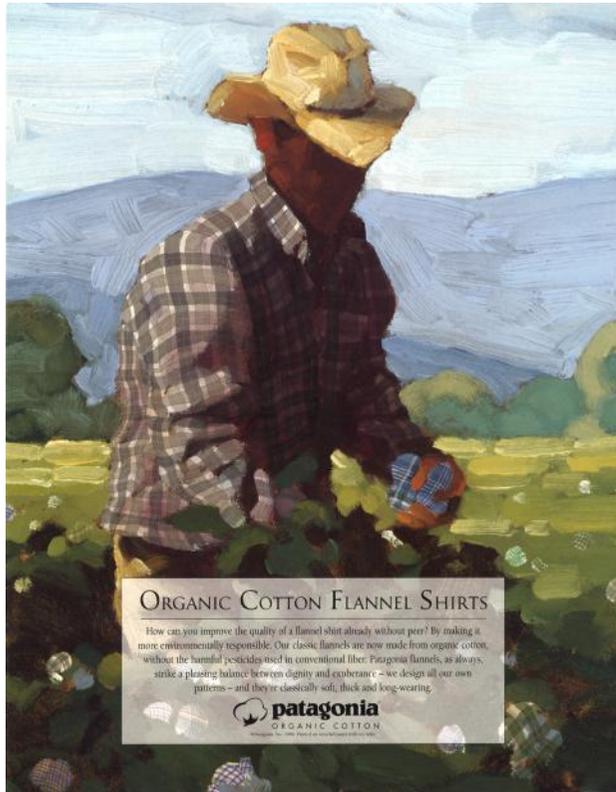
Let's step back in time; the year is 1996 and Patagonia had just launched their 100 percent organic cotton sportswear range. They knew it was a risk. They did it anyway, knowing they risked making less money than they would if they used chemically grown cotton. But they also knew the environmental benefits far outweighed the financial risk, so they went ahead. You can read Jill Dumain's compelling story on page four. I'd like to wish Patagonia a happy 20th organic birthday, to thank them for their leadership, and congratulate everyone there for all that they have done to raise awareness and prove that there is a different way to run a company.

If you haven't started creating a fiber and materials strategy that takes you toward a positive impact, it is time to do so. If you need to take your strategy one step further and embed it into the DNA of your organization, it is time to do so. And, if you are one of our amazing pioneers and leaders – **KEEP UP THE GREAT WORK!**

Thanks, and hope to see you in Hamburg for our annual Textile Sustainability Conference.

La Rhea Pepper
Managing Director, Textile Exchange

PATAGONIA - 20 YEARS ORGANIC



After seeing how conventional cotton was grown, we made the switch in '96.

Twenty years ago we began making all of our cotton products with organically grown cotton. Our switch was preceded by about six years of research and experimentation. I have often told people over the years that when we made this decision the 50 percent of me

working on environmental issues was beyond excited, but the 50 percent of me responsible for delivering fabrics that met all of our specifications for design, quality, cost and on-time-delivery was quite nervous. With youth on my side then, I believed we could do anything we set our minds on achieving.

We made the change after learning about the amount of pesticides being used to grow conventional cotton—more than any other crop as a percentage at that time. We took tours of cotton farms all over the world and didn't like what we saw. Though crop-duster pilots were among the most talented, I personally saw chemicals meant for cotton fields land on trucks of watermelons and in the California aqueduct, which transports drinking water throughout the state.

Less than one percent of all cotton being grown was grown organically, so we had to be creative in finding it—and even more creative in convincing our supply chain partners to take the risk with us. With such a small global inventory, if they ran into problems during production it could be disastrous, as they didn't have much replacement cotton to draw from. We had to build our organic cotton supply chain literally from the ground up without the current trade associations or the Internet to help. It was hard work.

At that time, genetically modified cotton also represented less than one percent of the cotton grown worldwide. It was an emerging technology. We have been asked many times over the years if we support the use of genetically modified cotton and the answer has always

been no. Since the early days of GMOs, we've repeatedly expressed our concerns about the potential unintended consequences of splicing one life form with another. And we're dismayed that the expanded use of genetically modified cotton seeds has led to the loss of cotton varieties that have stood the test of time.

One of our goals when we converted our line to organic cotton was to inspire other companies to do the same; we failed at this. But with the growth we've seen in recent years in the organic food industry, and many more people understanding the differences between organic and conventional agriculture, maybe we need to try again.

Now with age and experience on my side, I still believe we can do anything we set our minds on achieving.

Jill Dumain
Director of Environmental Strategy, Patagonia

[→ [Sector Focus: Outdoor](#)]

PATAGONIA : 20 YEARS OF ORGANIC COTTON

1991

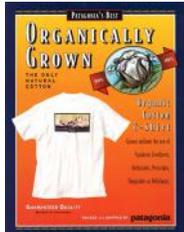
Wrote mission statement that established Patagonia's commitment to addressing the environmental crisis.

1992

Introduced first organic cotton garment.

1994

Board decided to end the use of conventional cotton and begin the conversion to 100% organic cotton.



1996

All cotton products were fully converted to 100% organic.



1998

Introduced Patagonia's 100% organic cotton denim jeans.



2001

Launched environmental campaign against GMOs.

2006

Launched e-fibers campaign: recycled/recyclable polyester, hemp, organic cotton, organic wool, chlorine-free wool.



2009

Co-founded Sustainable Apparel Coalition.



2014

Introduced Fair Trade Certified™ products for the first time.



2016

Celebrating 20 years of organic cotton.



1990s

1991

Commissioned Life Cycle Analysis on cotton, wool, polyester and nylon.



1992

Commenced cotton farm tours for Patagonia staff to learn about the benefits of organic cotton farming; cotton farm tours program runs through 1999.

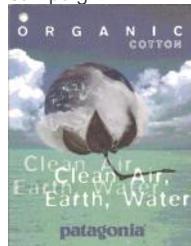
1995

Distributed monthly "Organic Cotton Rag" as education leading up to launch of 100% organic in Spring 1996.



1998

Launched "Clean Air, Earth, Water" organic cotton campaign.



2000s

2000

Established partnership with bluesign® to evaluate and reduce resource consumption and to assist with chemical management.



2002

Co-founded Organic Exchange (now Textile Exchange)



2001

Became a Fair Labour Association (FLA) Participating Company.



2010s

2014

Introduced limited edition reclaimed cotton garments as part of Truth to Materials Collection.



2015

Introduced Patagonia's 100% organic cotton denim now made with less impactful dyeing and Fair Trade Certified® sewing.



PEOPLE IN BUSINESS



As we deepen our understanding of sustainability, it's clear that achieving the right mix is important. Whether it's examining the eco-credentials of fibers and materials, or researching the economic and social impact of sourcing decisions, or deciding which crops to plant that year, we all need to consider the best route forward in a whole variety of situations and, from that, decide how to apportion our efforts to achieve the best results. A retailer needs to balance its efforts between materials, countries and stages in the supply chain. For a farmer it could be balancing crop ratios to maximize market rewards, food security, and soil fertility needs.

Portfolios Are Expanding

Increasingly more companies are conscious of the need to do something. Companies are taking a more strategic approach to raw materials, and expanding their portfolio of preferred options. For cotton, we know (based on LCA data and experience) that fairly traded organic cotton has clear and positive impacts on important sustainability parameters including water, climate and communities, and there are signs of expansion in coupling organic and Fair Trade certification.

Return On Investment For Farmers

Yet this report shows that to grow the supply base of organic cotton with integrity, to meet demand, more work needs to be done to build business models that are based on a triple bottom line: environmental, social, and economic. A return on investment (ROI) for organic farmers will help entire countries build resilience and contribute to meeting the Sustainable Development Goals.

People Centered Business Models

This report is packed with good news but also advocates for the work that still needs to be done to address integrity, transparency, pricing and other business-related issues. As we work together to solve environmental problems, it's important to keep people (farmers, factory workers and consumers) in mind.

To paraphrase the words of German economist, E.F. Schumacher, we must do "Business as if People Mattered," otherwise, what are we in business for?

Liesl Truscott
Director of Fiber and Materials Strategy, Textile Exchange

HOW TO BUILD A TRULY RESILIENT ORGANIC COTTON BUSINESS

1

Make sure there is a chain of custody to back up your content and product claims. The Global Organic Textile Standard (GOTS) and the Organic Content Standard (OCS) are reliable methods of chain of custody verification.

2

Map your organic cotton supply chain and trace back to the farm. Build a network of trusted suppliers and manage the risk and reward of your investment.

3

Find out where your organic cotton originates from and, if possible, build a geographically diverse portfolio. Each sourcing region has its sustainability issues to resolve, and opportunities to pursue.

4

Learn about cotton pricing and make sure the organic differential you pay gets to the farmers. Work with your suppliers on how to do this. It's critical to building the supply base and keeping farmers incentivized.

5

Plan ahead. If you know what you need and the volumes you need it in you can build in more consistency, which helps your suppliers plan and reduces risk for farmers (and your company).

6

Invest in capacity building, such as farmer training, seed breeding, infrastructure and business expertise. This will in turn improve availability and quality of organic cotton and pay off in the long term.

7

Partner community projects that lead to increased income, reduced risk, and resilience for farming families.

8

Go Organic Fair Trade. Combine the benefits of organic cotton agriculture with the pricing and social requirements of the Fair Trade standard.

9

Visit your sourcing regions. Learn first-hand about the opportunities and challenges faced by the farmers. Get to know how things work and how to be a supportive business partner.

10

Identify partnerships and build value creation networks. Explore ways to work within sourcing and supply networks. Talk to the Chetna Coalition to find out how!

11

Join a collective action initiative such as the Organic Cotton Accelerator (OCA), or the Organic Fiber Council (OFC). Collective action helps accelerate and scale-up impact.

12

Join Textile Exchange's Organic Cotton Round Table – be inspired and energized. Build a network of like-minded others who are also wanting to build a truly resilient organic cotton business!

SNAPSHOT OF THE ORGANIC SECTOR

Overall, the organic sector is expanding and it's useful to compare the growth indicators of organic cotton with those of organic products as a whole.

Since 1999, on a world scale, there has been a four-fold increase in organic agricultural land (from 11 million to 43.7 million hectares in 2014) and there is positive news of continued growth.

The infographics¹ on this page provide a snapshot of the organic sector in 2014 (the most recent statistics we have).

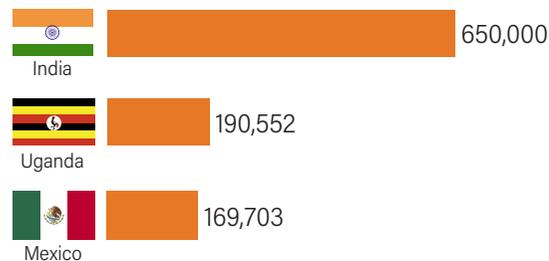
Farmers

The number of organic producers is increasing

 **2.3m**
organic farmers

 **+13%**
from 2013

Top 3 Countries (Farmers)



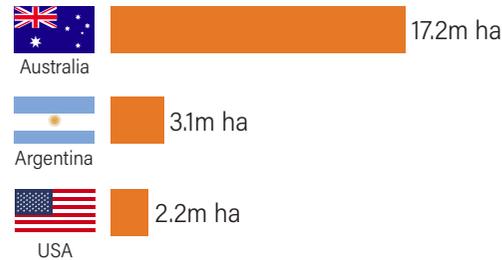
Certified Land

 **43.7m ha**
organic farmland

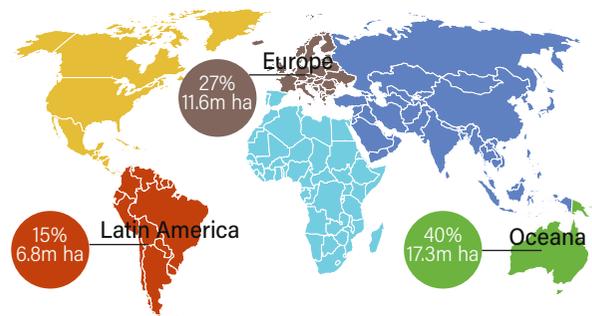
 **172 countries**
in organic farming
(up from 170 in 2013)

 **+0.5m ha**
from 2013

Top 3 Countries (Land)



Key Producing Regions (Land)



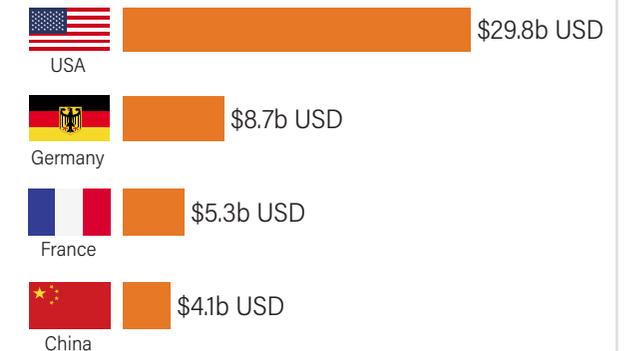
Market

The global organic market is growing and consumer demand is increasing.

 **\$80b USD**
global organic food market 2014

 **+11%**
market growth in the U.S.

Top 3 Countries (Market)



 **+40%**
unprecedented growth in Sweden

 **3 yrs**
successive growth in the UK 2012-2014

 **\$244 USD**
highest per capital spending is in Switzerland

1. [The World of Organic Agriculture: Statistics & Emerging Trends 2016](#), FiBL & IFOAM - Organics International, 2016

ORGANIC COTTON ANNUAL SAVINGS

The 2014/15 organic cotton harvest represents...



“ An organic farming system is one that sustains the health of soils, ecosystems, and people. It relies on ecological processes, biodiversity, and cycles adapted to local conditions rather than the use of artificial elements such as pesticides and other chemicals that cause adverse effects. Organic farming combines tradition, innovation, and science and promotes fair relationships and a good quality of life for everyone involved.

- IFOAM - Organics International

...which equates to a potential saving (compared to conventional cotton) of:



2. Water, Energy and CO₂ savings based on "[Textile Exchange and thinkstep, 2014. Life Cycle Assessment of Organic Cotton.](#)"

Note: The values for organic and conventional cotton reported here are derived from two independent peer-reviewed studies whose comparability has not been verified. Therefore the comparison is of indicative value only.

3. Hazardous Pesticide savings based on "[International Cotton Advisory Committee \(ICAC\)-Social, Environmental and Economic Performance \(SEEP\), 2010. Pesticide¹ use in cotton in Australia, Brazil, India, Turkey and USA.](#)" Calculations are estimated on India's pesticide use.

4. Chemical Fertilizer savings based on "[Food and Agriculture Organization of the United Nations \(FAO\), 2005. Fertilizer Use by Crop in India.](#)" Calculations are estimated on India's chemical use.



MARKET REVIEW

No Nasties

1

The Preferred Fibers Race-To-The-Top Is On

The gap between companies that are leading on sustainability and those that aren't is closing. Big, familiar brands through to smaller, more nimble ones, who are also the early adopters of organic cotton, are repositioning and working harder to lead the way to the top for everyone.

2

Origins Matter

Companies are talking more about their preferred fiber and materials portfolios and where their products originate. Communications are fresh and more vocal about their use of organic, recycled, and more sustainable raw materials.

3

Brand "Organic" is Building

Organic represents a strong, clearly understood and well-established mark of sustainability, spreading from the food, health and beauty sectors into fibers and textiles. Interest in healthy eating connects with a healthy lifestyle and further connects to choices for a healthy planet and healthy people. This trend is emerging in newer growth economies such as India and China.

4

The Rise of Transparency

The tragic event of the Rana Plaza factory collapse is one of the triggers for the "fashion revolution" that is now taking place. It's more common now for companies to share stories about people behind their labels. The farmer is no longer invisible and consumers care about factory conditions, living wages, and where and by whom their clothes were made.

5

Going for Gold with Organic Fair Trade

Until recently, Organic Fair Trade (OFT) was the choice of the smaller, ethically-driven company working with smaller cotton volumes - this is all changing. There are signs of growth across the board, with larger companies releasing collections in OFT.

6

Organic Cotton is a Launching Pad

What companies have learned from organic cotton is being applied to preferred fiber and materials such as recycled polyester, lyocell, and others. The combination of environmental, social, and economic benefits that organic cotton brings provides a foundation for considering the impact of other fiber choices and building a portfolio.

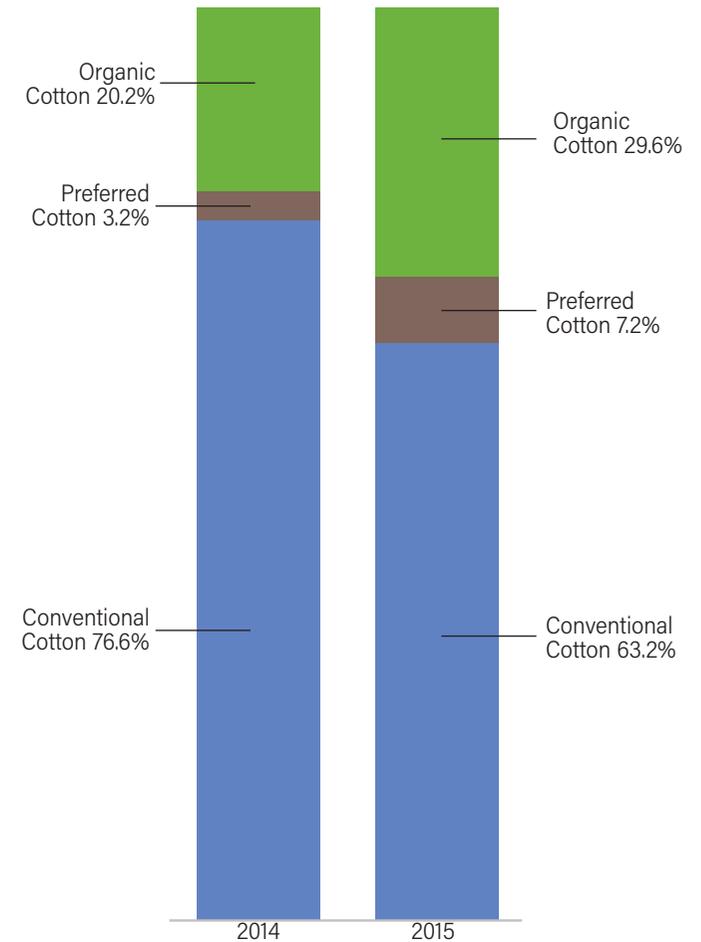
ORGANIC COTTON MARKET

Knowledge Cotton Apparel

Market Value Trend (USD/billion)



Top 10 Users' Cotton Portfolio Breakdown



Market Value

Market value from 2014 to 2015 remains stable, after years of steady growth as more brands and retailers enter the sector, or expand their organic cotton collections. [→ [Methodology](#)]

An Expanding Organic Portfolio

Last year TE started collecting information on each company's fiber portfolio via survey submission. Which means that this year we can start comparing year-on-year trends.

The chart on the right shows the aggregated average cotton portfolio of the Top 10 Users of Organic Cotton and how it has changed from 2014 to 2015. As this is an aggregated average as opposed to a weighted average it is indicative of a trend towards an expanding organic and preferred cotton portfolio and a relative shrinking share of conventional. It is encouraging to see the increased adoption of organic and other preferred cottons by from one year to the next.

All companies in the Top 10 Users of organic are certifying their supply chain to either the Organic Content Standard (OCS) and the Global Organic Content Standard (GOTS).

In September the Preferred Fiber & Materials Benchmark Sector Report will be released. This report will provide a deeper sector analysis of how companies are systematically measuring, managing and integrating a preferred fiber and materials strategy into mainstream business operations. [→ [Preferred Fiber & Materials Benchmark](#)]

TOP USERS BY VOLUME

Stanley & Stella

- 1 
- 2 
- 3 
- 4 **INDITEX**
- 5 
- 6 **DECATHLON**
- 7 **Carrefour** 
- 8 **LINDEX**
- 9 WILLIAMS-SONOMA, INC.
- 10 



TE congratulates all brands and retailers featured in our leaderboards and in the 100% Club. From an entry of 89 companies, they are setting the pace for the industry.

C&A takes the number one spot on the [Top Users By Volume](#) chart for the second year running. H&M and Tchibo remain in the second and third positions, respectively.

Inditex made a significant move from the ninth position last year up to fourth spot. Nike, Decathlon and Carrefour remain long-standing top volume users, and Lindex remains a firm eighth. Returning to the top volume users this year is U.S. retailer Williams-Sonoma and we welcome the arrival of Belgium's 100 percent organic cotton brand Stanley & Stella.

“ Williams-Sonoma, Inc. is committed to increasing the percentage of organic cotton in our textile collections. Organic product offerings enable us to meet our goal of providing beautifully designed, high quality products that are responsibly made. We are thrilled to be included in the top 10 list of organic cotton users, and congratulate all of the companies who are playing a role in the worldwide adoption of responsibly sourced cotton.

- Adrian Sherman, Director, Corporate Responsibility,
Williams-Sonoma, Inc.

TOP USERS BY GROWTH

PACT

- 1 
- 2 **INDITEX**
- 3 
VOLCOM
- 4 
prAna
- 5 
WOOLWORTHS
- 6 
LOOMSTATE
- 7 **PACT**
- 8 STELLA McCARTNEY
- 9 
stanley
stella
- 10 
CONTINENTAL



The **Top Users By Growth** chart recognizes the companies that have made the biggest increases in their uptake of organic cotton over the past year.

Continental Clothing's Earth Positive brand and Inditex experienced significant growth and sit at number one and two in the growth chart.

Growth by Stanley & Stella places the company in the top 10 for both volume and growth.

“ Stanley & Stella team is proud to enter the 2015 Textile Exchange Top 10 ranking of Organic Cotton Users. This achievement is a result of our spectacular growth and successes on the imprint market and of our strong commitment to promote the use of organic cotton and other sustainable raw materials.

- Jean Chabert, CEO, Stanley & Stella S.A.

Considerable expansion of organic by Volcom, Loomstate, PACT, Stella McCartney and Continental bring a host of new names into the growth charts.

“ While there's still more work to do, being ranked on the Organic Cotton Growth Leaders Board is an exciting honor for Volcom. It celebrates the progress we've made, and paints a path for our forward looking commitments and targets for organic cotton use.

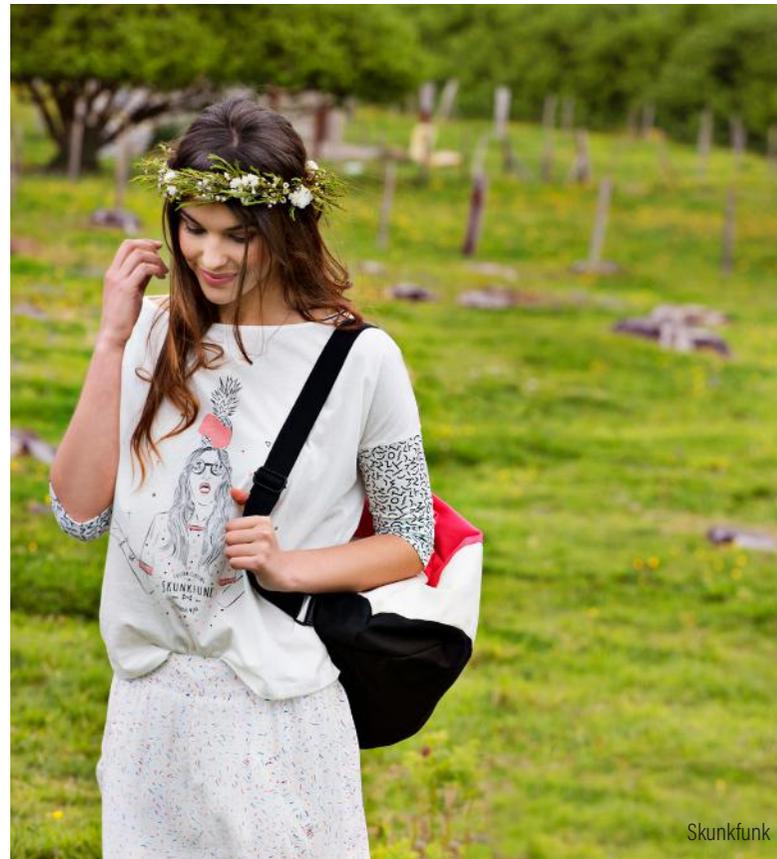
- Derek Sabori, Sustainability Advisor, Volcom

RACE-TO-THE-TOP

Portico

- 1 **NORRØNA** 
- = 2 **People Tree**
Sustainable and Fair Trade Fashion
- = 2 **portico**
- 3 **MARA HOFFMAN**
- 4 **EILEEN FISHER**
- 5 
prAna
- 6 **OUTERKNOWN**
- 7 
Raven + Lily
- 8 **STELLA MCCARTNEY**
- 9 
Tchibo
- 10 
skunkfunk

TE introduced **Race-To-The-Top** to our suite of leaderboards last year. It celebrates those companies who are converting their ranges to organic cotton, in order of percentage of total cotton consumption. This category does not include companies who use 100 percent organic cotton. You will find that group of companies in our 100% Club.



“ In 2015, nearly 80 percent of our cotton came from responsible sources. Out of these, 85 percent was certified organic cotton. Still, we at Tchibo believe this is not enough. In order to achieve a 100 percent sustainable business, we have to additionally engage in projects that go beyond certification. This is why we support the Appachi Eco-Logic project in India. Appachi helps farmers implement environmentally sound methods of cultivation, and improves their quality of life by providing them with a guaranteed source of income. This “inclusive growth model” brings about social, economic and environmental change along its value chain. For us, this is a great opportunity to support the empowerment of smallholder farmers while working together with actors along the textile supply chain.

- Nanda Bergstein,
Head of Vendor Relations &
Sustainability Non Food, Tchibo

Race To The Top sees the greatest number of new entries - Norrøna, People Tree, Mara Hoffman, Outerknown, and Raven & Lily. Longstanding leaders EILEEN FISHER, prAna, Stella McCartney, Tchibo and Skunkfunk remain in the “Race”. All companies are committed to converting their cotton to organic.

100% CLUB

Boll & Branch



The number of brands and retailers featured in the **100% Club** has grown considerably from 18 to 24. These are the brands that have either started out 100 percent organic or have made the switch, like Patagonia. The other distinguishing feature is that they have, like all companies featured in the report, shared consumption data with TE and are taking part in the Preferred Fiber & Materials Benchmark (report to be published in September).

We anticipate welcoming the lead players from the Race To The Top to the 100% Club over time!



“Coyuchi is proud to be part of the 100% Club as we have been committed to organic cotton since the founding of the company in 1991. Organic cotton and sustainably produced textiles are why Coyuchi came to be and will continue to be at the heart of what we do.

- Eileen Mockus, CEO, Coyuchi

ORGANIC FAIR TRADE TOP 10

Dibella

- 1 
- 2 
- 3 
- 4 
- 5 
- 6 
- 7 
- 8 
- 9 
- 10 



“ We’re excited to see the trend of more and more brands sourcing Fairtrade and organic cotton. Fairtrade cotton farmers are aware of the market demand and the majority of them have chosen organic certification in addition to Fairtrade. Both models complement each other and we’re very happy to see them grow together. While Fairtrade focuses on the social and economic aspects of sustainability, our standards also include environmental requirements. Fairtrade farmers often use the Fairtrade Premium to train their communities in organic and sustainable techniques like composting and integrating recycled materials, or to achieve organic certification. With additional organic certification, Fairtrade cotton farmers make an even stronger commitment to protecting the natural environment and build long-term sustainability.

- Martin Hill, CEO, Fairtrade International

This year we introduce a new leaderboard - the **Organic Fair Trade (OFT) Top 10**. It could be premature to say, but we are speculating that OFT will grow as eco-entrepreneurs jump straight into this deep green option for cotton and as eco-pioneers move along the sustainability continuum.

Our first year sees Coop Switzerland out in front with their bioRe accredited OFT cotton. The German brand Cotonea, sourcing direct from Kyrgyzstan and Uganda, comes in second. Boll & Branch enter the table at third place. Dynamic, young brands PACT and ARMEDANGELS began life as OFT. It’s exciting to see pioneer prAna move along the continuum and come in at number nine in the OFT stakes. New to TE are French workwear hire brand Elis, UK studentwear brand Epona, and Mini Rodini, a bright new kidswear brand from Sweden.

ORGANIC COTTON BY MARKET SECTOR

+Olive

Organic cotton reaches most cotton markets these days; it can be found in fashion, family and baby wear, home textiles, outdoor and sports, and is beginning to make inroads into previously hard-to-reach sectors, such as luxury and personal care. Let's take a look at some of the biggest, fastest-growing, and newest markets for organic cotton textile products.

Sector Focus: Business-To-Business

One of the growth areas for the organic, Fair Trade, eco-friendly and ethical clothing market is the business-to-business (B2B) sector. Whether it's merchandise (such as tee shirts and hoodies) promoting a music festival, rock band, science museum, or environmental campaign, the trend is to combine the promotion with a garment's green credentials. The wholesale of eco-friendly merchandise, student and workwear is also infiltrating and thriving in the food, education, health and beauty sectors, particularly in cafes, restaurants, wholefood stores, universities, spas and retreats where employees and students are increasingly sporting organic tees, smocks, and other organic "uniforms."

“ The B2B sector holds great potential for scaling up the use of organic cotton and sustainable clothing. More and more organizations report on their CSR activities, so making their team clothing or merchandise sustainably sourced is a relatively simple way to demonstrate impact. Reaching a buyer at an organization sourcing 5000 t-shirts is easier than reaching 5000 individual consumers, and so we are putting a lot of effort into education and advocating the strong positive effects of sustainable sourcing to the trade.

- Prama Bhardwaj, CEO, Mantis World

This is all good news for the small-scale organic (and Fair Trade) cotton farmer since sourcing parameters don't change radically throughout the year, and with a little pre-planning, a buyer should be able to send messages back to their suppliers with enough consistency to help farmers plan for the demand. It also offers a great story – back to farm – to share with the end user.

“ Over the past year, we saw a solid and steady demand for organic cotton merchandise within the music and entertainment sector, with growth in new business and a continued strong interest in premium quality sustainable products.

- Mariusz Stochaj, Continental Clothing Company



Continental Clothing Company

Continental Clothing Company's Earth Positive® - Apparel to combat climate change

Continental Clothing Company Limited creates high-quality, expertly-styled garments for markets such as fashion retail, music merchandise, corporate promotions, and leisure. Continental's mission is "To inspire and implement solutions to the environmental crisis." The company owns three brands – Continental® (the original brand), EarthPositive® (made from organic or TENCEL® fibers) and Salvage® (recycled).

The EarthPositive® line of shirts minimizes environmental impact in all production stages through organic farming – all shirts are 100 percent certified organic cotton, utilizing rain-fed irrigation and renewable energy. All cotton waste generated is either returned to the field as an organic fertilizer or used for other textile and upholstery products manufactured in the local area. Wastewater from the factory is thoroughly treated, all shirts are packaged using biodegradable or 100 percent recycled materials, and Continental has a "no airfreight" policy – all goods are shipped by sea.

Continental is now moving into Fairtrade with organic cotton t-shirts and hooded sweatshirts under its new label Fair Share. The decision to invest in Fairtrade cotton is a result of growing market demand for ethically-sourced clothing. Continental source from Pratima Agro Fairtrade co-operative in Odisha, India. The farmers are investing their Fairtrade certification premiums in projects to enable women to build businesses and market goods to provide them with an independent income.

Sector Focus: Family & Fashion

After many years of aggressive price competition in this sector, there are signs that business strategies are changing tack, with some of the biggest and most successful retailers reviewing their target markets. The biggest users of organic cotton see sustainability as integral to long-term business resilience. C&A and Carrefour, for example, are shifting the use of certified organic and other preferred fibers toward the center of their business strategies [→ [How To Build A Truly Resilient Organic Cotton Business](#)].

For small and medium-sized ethically-driven companies, combining design, innovation, creativity and sustainability is proving to be a powerful mix, appealing to a growing number of "eco-lifestylers." Alongside a general raising of awareness and choice, campaigns such as Fashion Revolution (which came in response to the Rana Plaza complex collapse in Dhaka, Bangladesh in 2013, where 1,134 people were killed and more than 2,500 injured) are raising consumer expectations that fashion should be safe and ethical, as well as fun and trendy.



Mantis World



Fast-Growing Product Categories

Basics - The most reliable product line for organic cotton could possibly be the humble “basic.” Underwear, leggings, camisoles, and tees in everyday colors make “basics” one of the easiest product lines to commit to fiber volumes ahead of time. PACT | ORGANIC’s nationwide distribution at Target and Whole Foods demonstrates mainstream retailers’ need to meet millennial consumers’ demands for brands that offer authentic experiences and make products that don’t harm people or the planet. Brenden Synnott, CEO of PACT | ORGANIC, also understands the needs of the farmers and explains the

shared risk and reward of supply chain management through the chain. “Constancy and forward planning reduces business risk for the entire supply chain, especially at the farm end where certainty of uptake helps farmers plan their planting.”

Kidswear - Kids and babywear is a well-established market for organic fibers. Companies say that customers are attracted to its pesticide-free status. Mini Rodini, one of Scandinavia’s fastest growing childrenswear brands, is an example of success in this category, selling Organic Fair Trade products in department stores and independent shops all around the world, including Harvey Nichols in Kuwait, Selfridges in London, and Barneys in New York.

“ At Mini Rodini, we want what we do to matter. We take our ethical and sustainable commitment very seriously, and it will always be the most important factor in Mini Rodini’s growth. It’s not just about getting better at what we do, but wanting the very best and a better world. This commitment affects decision-making at all levels in our organization, as it is an on-going process that demands an innovative approach to our whole business long-term.

- Cassandra Rhodin, Mini Rodini , Founder and children’s illustrator

Denim continues to be a hotbed for innovation in sustainability, from organic or recycled raw materials, waterless and chemical-free dyeing and finishing, to innovative business models such as leaseback schemes – progressive jean companies, such as G-Star and MUD Jeans, are doing it all. Dion Vijgeboom at MUD Jeans says:

“ The company’s commitment to slow fashion, no fast collections or “crazy” designs – just high-quality, basic, clean jeans, is one of the secrets to the success of MUD Jeans.



C&A – For The Love Of Fashion

We care deeply about our customers and what's important to them.

In 2015, we completed our first-ever global survey of consumer perspectives on sustainability to understand what our customers think about sustainability, where they recognize our progress, and where we can make a difference. Consumers have told us clearly what issues matter the most to them. They want to know more about product attributes and their positive environmental and social impacts, and this includes our journey toward more sustainable cotton.

This study shows that our Bio Cotton initiative is amongst the most known of all initiatives, especially in Europe, and thus, very important for our customers. So for the coming years we have redefined our cotton portfolio; reaffirming our commitment and support for a stronger organic cotton industry. This is demonstrated through our leadership in the Organic Cotton Accelerator, through our shared support of the Cotton 2040 project and Better Cotton Initiative, along with the C&A Foundation.

We want to increase the overall consumer awareness on the importance of shifting to organic cotton. So to celebrate our 175th anniversary this year, we have teamed up with renowned broadcaster, the National Geographic Channel, to explore more sustainable cotton practices around the world on film. The documentary For the Love of Fashion™ provides invaluable insights to highlight the importance of this shift in the cotton industry and follows Alexandra Cousteau on her journey across India, the U.S. and Europe to find more sustainable ways of loving fashion.

[→ Movie Clips: [For The Love Of Fashion](#)]

Skunkfunk – No Compromise

Mikel Feijo Elzo, Founder, Skunkfunk

Skunkfunk was born with a desire to create something different, catering to a young and free-spirited crowd. Forty collections later, the idea remains the same but we have evolved, grown and matured. During this voyage we have added our experiences and generated more values, like the will of generating fashion from an ethical point of view without compromising the core value of creativity and design. We have done this to be proud of what we do, even if most of the 38 markets in which Skunkfunk is sold are not willing to pay extra for things done in a cleaner way.

Slowly but steadily, we have increased the share of our collection using environmentally-preferred fibers up to 62 percent, and aim to reach 100 percent by 2020. Key in that process has been optimizing the way we design and operate in our supply chain in an effort to offset the cost impact sustainability has, while not compromising on our core creativity values.



Carrefour – From Just One Loaf

French retailer Carrefour is fully convinced that if it wants to be around for generations to come, sustainability must be at the core of its business strategy today. Carrefour's steps toward sustainability started years ago, pioneering supermarket organic food. In 1992, Carrefour introduced its first organic product - a Boule Bio (organic loaf) - into the bakery department. In 2005, Carrefour launched its first organic cotton textile products and, in 2009, launched a range of linens called Carrefour Home alongside a clothing line called TEX Bio, followed by an expanded collection of organic cotton bed and bath linen. There are now more than 460 organic cotton products available in the TEX ranges of Carrefour and Carrefour Home. Products are certified to OEKO-TEX Standard 100 and the Global Organic Textile Standard. In 2013, the first Carrefour Bio store opened in Paris, offering a complete range of organic products, from food to beauty to clothing. It is anticipated that another 10 branches of Carrefour Bio will be in operation by the end of 2016.

"Organic for Carrefour is not something new," Richard Vavasseur, director of premium brands at Carrefour, said. "We sold more than 125 million organic products in 2015, which means Carrefour Bio is France's largest organic banner."

Cotonea – Connecting Farmers From Kyrgyzstan And Uganda To The European Market

Elmer & Zweifel (EZ), founded in 1855, has a long history as a textile company. Quality has always been a priority for EZ, which produces highly technical products, using only organic cotton.

The company is now branching out to the family apparel and home textile market through its consumer-facing brand, Cotonea. The company knows it faces pricing challenges as it strives to find a price customers are willing to pay while holding true to its ethical commitments at the cotton farm and through the supply chain. However, Cotonea is committed to doing good and is confident in its technical know-how, and its ability to provide quality products from its transparent organic cotton sources, which it controls from fiber to finished product.

Cotonea is committed to cotton cultivation in Uganda and, in close cooperation with the Swiss organization Helvetas, in Kyrgyzstan. Through a contract of guaranteed purchase, Cotonea gives the farmers financial security and strengthens their self-confidence. Cotonea is in direct contact with the cotton producers, pays a Fair Trade price, and has people they trust, including traders Plexus and Reinhart, on the ground to support capacity building and logistics.

Cotonea works alongside the Gulu Agricultural Development Company in Uganda. Over the past two years, 18,000 farmers have been trained in organic cotton production and 40,000 more are on the waiting list. They don't only grow cotton - one of the key successes is growing cotton in rotation with organic sesame sold to the European market, and the farmers are now trialing organic chilies.

CEO Roland Stelzer says: "If you look at Uganda, you see a country recovering from the ravages of 20 years of civil war. Young guys are starting to farm but are getting cotton fiber yields of only 180-250 kg/ha, which for an experienced farmer would be 1600 kg/ha. We need to preserve and build up knowledge in the farming communities, because this is where livelihoods can be improved. We have a huge task ahead, but if we can build the market for Ugandan organic we can help build a future for farmers and be part of the recovery and repair of Uganda. That would be truly satisfying and a game-changer for the Ugandan farming communities."

[→ [Market Review: Uganda](#)]

“ From its origins as a pioneer of ecological trading in the organic movement of the 1970s, German brand Triaz has attracted a customer base which is well aware of the environmental and social issues in the textile industry. They expect the highest standards and full transparency from the company. We are always searching for and developing new, more sustainable alternatives.

- Katharina Hupfer, CEO, Triaz Group



Q&A With Julia Aruni Kirschner, Sustainability Manager, ARMEDANGELS

In January 2007, two young men from Cologne, Germany decided to change the world of fashion.

Led by their love for beautiful products and shocked by the conditions in the textile industry, they wanted to show the big players that it can be done better. No wage slavery, no chemical madness, no cheap mass production. Instead, they started to make beautiful, Organic Fair Trade clothes and so, ARMEDANGELS was born.

Today, they are a team of 60 and with four collections every year they are one of the leading fair-fashion companies in Germany. "And hell yes, we are proud of it. We are passionate, we love what we do and we never stop challenging ourselves."

Q: Do you think your philosophy - and the desirability of your products - go together? Are customers willing to pay?

Yes! Our mission: To combine fair working conditions and sustainable, high-quality materials with beautiful design. We don't think there needs to be a contradiction between fair, organic, and beautiful clothing. That's what we want to convey with our collection, and the concept works. Our sales figures and retail requests prove it.

Q: Are you finding that the consumer you attract cares about what you are doing?

Definitely. People are starting to be more conscious about what they wear, what it's made of, where it is produced, and by whom. That's great. When we launched our first travel journal this month (we traveled to India to meet Bhimabhai, one of our organic cotton farmers) - the feedback was tremendous. The focus of our trip was to show the people behind the product. These transparent and real stories are essential to take people along and make them understand why we are doing what we are doing. We can't change the game alone, but together we can be that change.

But even though people think about sustainability more and more, in the end, they buy what they like. Design and price still come first for the majority of people. Fair enough. Nobody wants to wear an ugly shirt, no matter how fair and organic it is. This is the balancing act we have to manage. Clothing, which is fair, organic, and beautiful at the same time. There's still a long way to go, but that's what you have to deal with if you want to become the fairest fashion label in the world.

[→ Travel Journal: [Behind The Fields](#)]

Q: Is business growing?

The Fair Fashion Market is definitely growing. Like I said before, our sales figures and retail requests prove it. When ARMEDANGELS was founded in 2007, we had a team of three in a shared office space in Cologne, only selling our products via our online shop. Today we are almost 60 people, selling online and offline in more than 800 Points of Sales in 18 countries.

Q: Anything more you would like to share?

Let's give an organic cotton farmer the last word. Before we left India, Bhimabhai Malakiya told us: "Tell the people in Europe to buy more organic cotton. Even your competitors." That's what we do...

Sector Focus: Home Textiles

In this section, we highlight the rise of the new entrepreneur. Joining long-time and well-established favorites, such as Portico, William-Sonoma's West Elm, and Coyuchi, are new businesses coming into the market with beautiful, high-quality, and ethical home furnishings. This reflects a growth in the lifestyle market as it evolves from food and health & beauty to clothing and home. Priorities are transparency, quality, and beauty that tell a story right back to the cotton field.

West Elm – Design To Impact

Jennifer Gootman, Director of Social Consciousness & Innovation, West Elm

West Elm, a division of Williams-Sonoma Inc., is a Brooklyn-based home furnishings retailer that has been helping customers express their personal style at home since 2002. Our motto "A little greener every day." Sustainability has been ingrained in the ethos of the brand since the beginning. Over the past couple of years, we've been transitioning our bedding collections to organic cotton because we've seen our customers asking for organic options, and we know it's the right thing to do for farmers and communities where the cotton is grown. We work closely with our suppliers to certify their facilities and source certified materials so that we can provide transparency and assurances to customers. We often use the phrase "Design to Impact" to describe our work because we bring our customers great design and beautiful products first and foremost, but we are also focused on the impact those products have on the people making them and the environments where they are produced. That's why, in addition to sustainability, we are committed to supply chain programs like Fair Trade Certification, which gives more back to workers in the form of Fair Trade premiums. We are growing our commitment to Organic and Fair Trade substantially. We are actively transitioning all of our 100 percent cotton bedding to organic by 2017 and looking towards organic content for all bedding within the next few years.



+Olive – Making Things Beautiful

+Olive has positioned itself as "the next generation of luxury and sustainable furniture and a cutting edge retail concept" in Carmel, California. Ashley Yeates, the Principal of AYI & Associates, an exclusive and boutique design firm, created the line to resolve frustrations with a lack of quality and natural furniture options available on the market.

"+Olive lifestyle line accurately represents the character of my Northern California community, which is deeply committed to preserving nature, protecting the environment, practicing overall wellness, and recognizing our impact on multi-generations. On a superficial level, the concept is named after my long-haired, red dapple dachshund, Olive, who has olive green eyes; on a more meaningful level, +Olive represents Biblical references to the strength and longevity of the Olive Tree," Ashley Yeates explains.

+Olive is currently in production in California, Arizona, and New Mexico. They are members of the Sustainable Furnishing Council, are using the Global Organic Textile Standards, and have wood-based manufacturing processes certified by the Forest Stewardship Council. The +Olive brand encompasses multiple furniture lines and encourages consumer creativity and product uniqueness, while adhering to soft impact manufacturing practices.

Q: What was the inspiration behind Boll & Branch?

It all started when Missy and I were shopping for new sheets while renovating our bedroom. After spending an entire day going store to store, no one could tell us where the sheets came from, how they were made, or the difference between a \$500 USD set and a \$50 USD set. It was only after digging in and fully researching the textile industry, and more specifically the cotton trade, we came to find out that it was wrought with dishonesty and manipulation (and had been since its origin). We believed that the bed sheet needed to be recreated, from the ground up. Upon this realization, we decided to start Boll & Branch and tackle the problem at its root, starting with the cotton seed itself, and empowering those that farm one of the world's most sought after crops, all the way through the supply chain to the moment our product reaches the customer's home.

Q: How did you set up your supply chain, and how important was it to be part of a supply network?

We know that in order to have a truly traceable, ethical, and sustainable supply chain we would have to own it in its entirety. Through forging a relationship with Chetna Organic, a nonprofit organization that works

Q&A With Scott Tannen, Boll & Branch

with cotton farmers in central and southern India and is certified by Fair Trade USA, we are able to ethically source from smallholder organic cotton farmers in India. Unlike most bedding brands, startup or not, we know exactly where every ounce of cotton we use is from, down to the parcel of land the cotton was grown on.

Q: How are you connecting with your customer? And how has the customer responded?

Our customers value quality, luxury products and are looking for brands that are rooted in fairness, in both supply chain and price. They also know that every Boll & Branch product they receive is completely unique, beautiful, and impossible to find elsewhere. Building a close relationship with our customers has been a top priority since the day we launched. Rather than following a more traditional path, we work very hard to open lines of communications with these stakeholders (after all, as a startup, our earliest customers truly are stakeholders) by doing things a bit differently. Even two years later, our customers are still quite surprised to receive a hand-written note or a phone call from our Founders thanking them for their purchase or a personal email from one of our department heads soliciting their opinion on a new product or idea.

Most of all, when a brand is built upon the notion of social good, transparency and openness are crucial. We now receive unsolicited ideas and feedback from our customers all the time - and we love it. Some of the ideas for our upcoming products have come directly from our customers. It is one of the reasons that word-of-mouth has been our most successful form of advertising!

Q: How are you "balancing the books" - for instance, ensuring fair prices and good conditions of trade at the farm gate, paying a living wage, and making a profit?

We designed our business and supply chain models to ensure Boll & Branch never compromises on quality or ethics around the supply chain, and that through our direct-to-consumer model, we're cutting out costs for consumers while also avoiding a lot of overhead in terms of wholesale and real estate associated with traditional models.

Sector Focus: Luxury

Until fairly recently, luxury and sustainability were not mentioned in the same conversation – at least not out loud. These days the links are clear to all luxury brands with an interest in the long-term availability of their raw materials, from cotton to cashmere to leather.

Luxury brands are starting to develop long-term strategies for sustainability and, on the back of these commitments, are talking more openly about it. Language, such as “provenance,” “origins,” “heritage,” “authenticity” and “craftsmanship,” once used to express commitment to product quality, is now doubling as an appreciation for environmental and social sustainability.

More Work To Do To Grow Organic Cotton For The Luxury Market

While there is organic cotton available in the staple lengths required for luxury, grown in countries such as Turkey, Peru, Egypt, Israel, India and Tajikistan, there needs to be greater volumes, better market linkages, and increased consumer awareness.

Leaders In Responsible Luxury

Kering Group has made a shift towards an increased use of organic cotton, notably via the Group's internal Organic Cotton Platform, which launched in 2015. The Platform acts as a support mechanism for the Group's brands, and was developed following a detailed evaluation by Kering of the challenges and constraints luxury brands face in sourcing high-quality organic cotton. The Group's brands are now working to integrate more organic cotton to their collections, and in 2015 organic accounted for 65 percent of all cotton used by Stella McCartney.

[→ [Kering Group's 2016 Sustainability Targets Report](#)]

[→ [Cottonforlife](#)]

“ As well as increasing consumption we are beginning to support specific farm level organic cotton projects - the first one that Stella McCartney is working with is Cottonforlife. It's still in the early days but we are committed to building direct links with the farmers who grow our organic cotton, so that we can tell their stories to our customers.

- Claire Bergkamp, Head of Stella McCartney's Sustainability Program.

EILEEN FISHER – 100% Organic By 2020

In 2015 EILEEN FISHER launched VISION2020 with bold social and environmental goals. A year later, the company has made significant progress in meeting their fiber commitments. This spring, 83 percent of EILEEN FISHER's linen and 92 percent of cotton was organic. By 2020, all of it will be. The VISION2020 fiber commitments have given the EILEEN FISHER teams tremendous focus—and their manufacturing partners a chance to do things differently.



Sector Focus: Outdoor

The Outdoor Industry, by its very nature, recognizes the profound connection between its business practices and the sustainability of the planet. Many outdoor companies have incorporated sustainability into their corporate philosophy and are setting targets for transition to more sustainable fibers and materials.

Pamela Ravasio, of the European Outdoor Group, says that traceability is fundamental to this transition. According to Pamela:

“ Traceability is important for us, and many of our sustainability efforts center around this concept. The use of organic cotton - in addition to the evident advantages of its much lower environmental and social footprint - offers the advantage of being traceable. Therefore, one of its strengths complies with one of our key needs as an industry.

While outdoor apparel tends to be heavier on synthetics and “performance” fabrics, such as polyester and nylon, cotton is a popular natural fiber for basics, hiking gear, and summer collections. This is particularly evident with outdoor brands that have expanded their collections or incorporated lifestyle and leisurewear into their offering.

Greg Scott at Mountain Equipment Coop (MEC) gives his view on quality:

“ At MEC, a quality product isn't just about performance fabrics and construction; it's also about ensuring the materials and the manufacturing processes are environmentally sound. Organically grown cotton in our products is one way we demonstrate this commitment. Every action counts.



Eco pioneers such as MEC and Patagonia converted all their cotton usage to organic a while back, and others, such as Norrøna, Kathmandu, Fjällräven, and Vaude, are on the way to 100 percent organic or are adopting a portfolio approach that includes organic, Better Cotton, and Fair Trade.

Brad Boren of Norrøna tells us they set their cotton goal at 100 percent organic and have now reached it!

[→ [Patagonia - 20 Years Organic](#)]

“ Since 2005 we have only used organic cotton for all products except for one of our oldest; an anorak which was used on Arctic expeditions. This was a special technical cotton which took six years to shift over. Today, we have reached our goal of 100 percent organic cotton.

Sector Focus: Personal Care

Our final sector review takes a look at the personal care and hygiene market. While cosmetic and sanitary products made from organic cotton have been around for some time, we are sensing a fresh interest in this sector driven once again by consumer interest.

The presence of pesticide residues and other chemicals in personal care products has led to health concerns amongst some consumers. According to a study by Dr. Damian Marino and his team at the University of La Plata in Argentina, 85 percent of cotton swabs, wipes, and sanitary products sampled were found to contain glyphosates.

[→ [What's in a Toxic Tampon?](#)]

The rise in consumer awareness of such issues has paved the way for the emergence of more sustainable, chemical-free alternatives. Today, we see an ever-growing line of personal care products made using organic cotton, from diapers and cotton wool to feminine hygiene products. The Global Organic Personal Care Products Market 2015-2019 report estimates that this market will grow at a compound annual growth rate of 9.64 percent or over between 2014 and 2019.

A newcomer to the personal care sector is New Zealand company Oi (Organic Initiative). The company was launched in October 2015 and is currently the fastest growing FMCG (fast-moving consumer goods) organic product in supermarkets.



Organic Initiative – Making a Difference for Women

Organic Initiative (Oi) is a New Zealand Social Enterprise company on a mission to change the world by raising awareness, through education, about the use of synthetic feminine hygiene products and their impact on women's health and the environment. "Very few women know that the vast majority of conventional tampons, pads and panty liners are made entirely from synthetic materials. Synthetic products never break down, so there is a huge negative environmental impact, and every year, billions of plastic laden products are disposed of, ending up in our landfills and our oceans." Says Oi Founder Bridget Healy

Oi produces alternatives made with only 100 percent pure certified organic cotton. Thus, all its products are biodegradable, compostable and do not cause the irritation and inflammation that synthetics can. The Oi range of products is affordable and available in supermarkets, which guarantees that all women, regardless of salary or circumstance have access to safe, affordable, premium products. Indeed, through the "buy a box, give a box" program, Oi gives its products to those in need.

The company was launched in October 2015 and is currently the fastest growing FMCG (fast-moving consumer goods) organic product in supermarkets to date. Oi aims to challenge the global market leaders in women's hygiene products. "We aim to educate women everywhere about some of the small things they can do to make a difference in their health and the health of the environment."

Spotlight: India

The market for organic cotton and ethical clothing is growing in America, Oceania, and Europe, as it is also in India. An increasing number of ethical clothing brands are now on the Indian market and it appears India is ready for it!

Apurva Kothari, Founder of No Nasties, recalls how: "When we launched No Nasties 5 years ago, we were the first Fairtrade organic certified clothing brand in India. Since then, we've seen a steady growth of awareness for sustainable fashion here, with a lot more organic cotton brands springing up and even the launch of Fairtrade India."



No Nasties - Starting A Consumer Movement In India

No Nasties, launched in 2011, is a 100 percent organic, 100 percent Fairtrade clothing brand. Their mission is to provide customers not only with a t-shirt, but to also send a message of awareness that one simply can't ignore without altering their styles or fashion taste. Their line of product is meant to be "easy on the eyes and easy on the planet." They only use cotton grown in organic fair trade farms by small-scale farmers all over India. The brand's motto is: "No genetically modified seeds, no synthetic pesticides or fertilizers, no carcinogens, no high-interest loans, no child labor, no price exploitation, no suicides!"

Sense Organics India - Making Sense Of Organic Kidswear

Sense Organics is an Indo-German Fair Trade and organic kidswear brand that has been on the European market for over two decades, and has now entered its home country, with the opening of its first store in Bengaluru.

All garments are produced in a socially and environmentally friendly way - from "seed to seam". The company works with small-scale organic cotton farmers and produces the garments in partnership with its manufacturing facility in Tirpur, who are SA8000, Fairtrade and GOTS certified - alongside being "energy positive" with solar and wind turbines generating more electricity than it uses.

Opportunities for ethical brands are opening up in India and this is particularly true in Bengaluru. "The crowd is well-traveled and well-informed. Summer temperatures reaching 40 degrees celsius this year have opened the eyes of many to the environmental degradation that has been happening," Sreeranga Rajan, CEO, Sense Organics India, says.

Ethicus – A Connoisseur Of The Six Yards

Launched in 2009, Ethicus is “India’s First Ethical Fashion Brand.” The product line includes handcrafted saris, fine scarves, women and infant garments, and a bed and bath range, using Appachi Organic Cotton and Ahimsa Silk. The entire Ethicus value addition network adheres to the ethical business practices to ensure that the cotton farmers, weavers, workforce, and end-users benefit equally.

Vijaylakshmi Nachiar, founder and managing director of Ethicus, believes in the power of telling the story. “We create products that tell a story – a story of how it was made and about the people behind it.”

So who is the Ethicus woman? Vijaylakshmi sums her up as “one who is educated, environmentally-conscious and is receptive to this story telling of ours! She could be a working professional, a housewife, or even an entrepreneur. If she is a connoisseur of the six yards (the amount of fabric in a sari), she will certainly be spoilt for choice at Ethicus!”

Vijaylakshmi shares her 5 top tips on the sari:

- 1.** When in doubt wear a sari. I have always followed this and have never been wrong with my decision. We need to wear Saris for various occasions; weddings, religious ceremonies, parties, or even to the boardroom.
- 2.** Fashion now demands that it is not enough to follow a tradition; people want something more, whether it is in the color, the layout of the sari, or the design.
- 3.** Today’s woman wants to make a statement! In this increasingly designer-driven or Bollywood-inspired market, people want change. It is necessary for us to make our traditional designs and techniques more contemporary.
- 4.** We need to ensure that the sari we’re designing is trendy, comfortable, and suits the purpose or the occasion where it will be worn. But we also need to balance fashion with tradition and the identity that it has given us.
- 5.** I truly believe that the sari is simple but elegant, and also the most sustainable of all women’s garments. It is a ‘one size fits all’ garment. It suits everyone; young or old, tall or short, thin or round, and it is always in fashion!

[→ [Appachi - Woven Air](#)]



Ethicus



FARM REVIEW

Mecilla, Tajikistan

1

Farmers move out of cotton but stay in organic agriculture

After a rise in production in 2013/14 of 10 percent, this year saw a small downturn of 3.8 percent, although farmers maintained land under other organic crops. This is due primarily to a decrease in production of organic cotton in India, though there were also declines in Turkey, Tanzania and Latin America. The future looks brighter in 2017/18 when a number of in-conversion programs in India come online.

2

Demand for organic food and flowers in India fuels move

India saw a decrease in production of 13 percent as a result of farmers, both organic and conventional, moving away from cotton in favor of more lucrative crops. India's domestic and international market for organic food, flowers, and pharmaceutical extracts (such as marigolds) is growing rapidly, making this trend particularly prevalent amongst organic cotton farmers.

3

China sees growing demand from its domestic market

China saw a seven percent growth in production as domestic demand grows, with Chinese brands increasingly promoting organic cotton, and the demand for organic cotton "seedcake" from China's growing organic dairy sector continues to rise. There was also investment in a new organic cotton project in Hubei province.

4

Decline in Turkey as political instability and market situation worsen

Conventional and organic cotton production in Turkey decreased. The anticipated growth in organic cotton was not realized due to growing political instability on the borders with Syria (which impacted both conventional and organic). Also impacting growth was the unfavorable market conditions, with a worsening exchange rate and competition from Asia.

5

Tajikistan plans to focus next on quality improvement

Tajikistan saw a huge 459 percent growth in production, as large areas of in-conversion cotton reached certification. The Bio-Kishovarz project next plans to focus its efforts and expertise on improving the quality of its extra-long staple fiber for the luxury market.

6

Indigenous varieties replacing GMOs in some areas

There is evidence of a growing trend in some areas away from GMO cotton towards local indigenous varieties. Recent statistics from India show a sharp increase in the growth of indigenous cotton varieties in the northern states, while Burkina Faso has announced plans to phase out GMOs following issues with fiber quality.

GLOBAL PRODUCTION TREND

bioRe, India

193,767
farmers

353,303
ha certified
land

112,488
mt fiber

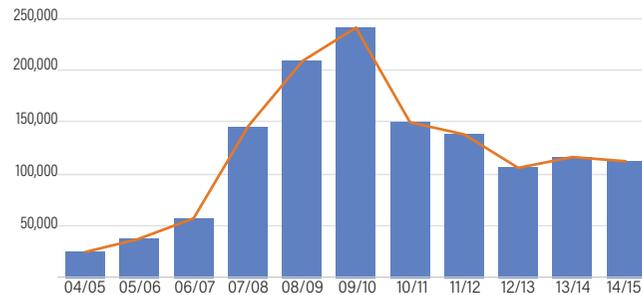
85,671
in-conversion
land
15/16-17/18

Production trends: The top three organic cotton-producing countries remain the same as in recent years - India (67 percent), China (12 percent) and Turkey (7 percent). However, the fourth largest producers, previously Tanzania, is replaced this year with Kyrgyzstan (5 percent). USA holds its position at fifth place (2%). This move follows adjustments to production figures for these regions (described below).

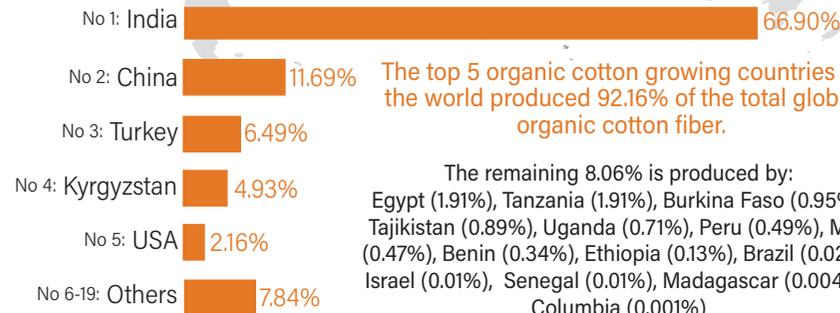
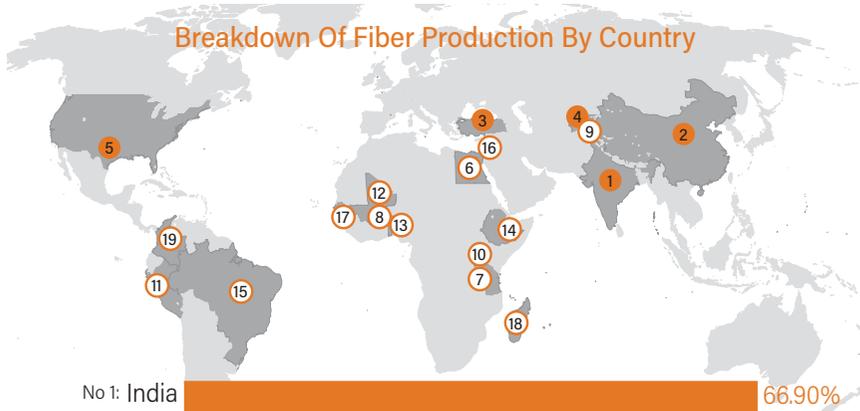
Growth rates: This year global production of organic cotton has declined 3.8 percent. We understand this to be a reaction of the farmers, particularly in India, to the constantly depressed prices for cotton and, in contrast, a healthier market for organic food, spices, flowers, and pharmaceutical extracts.

Production adjustments: Note that the sharp increases in the production figures of Kyrgyzstan and Egypt are predominantly a result of improved data collection and disclosure rather than a large expansion in the actual production of these countries over the past year.

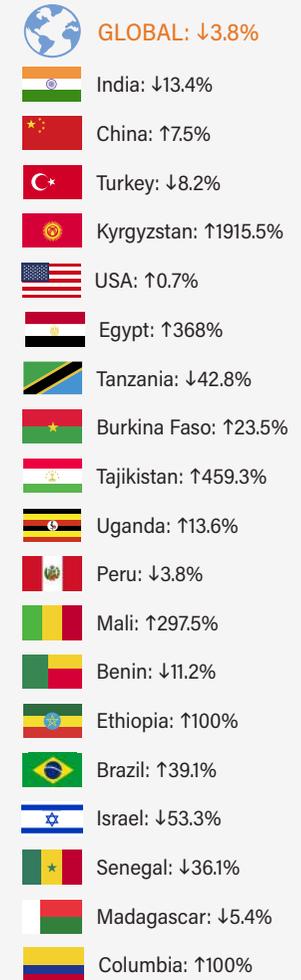
Global Fiber Production Trend (mt)



Breakdown Of Fiber Production By Country



Growth Chart

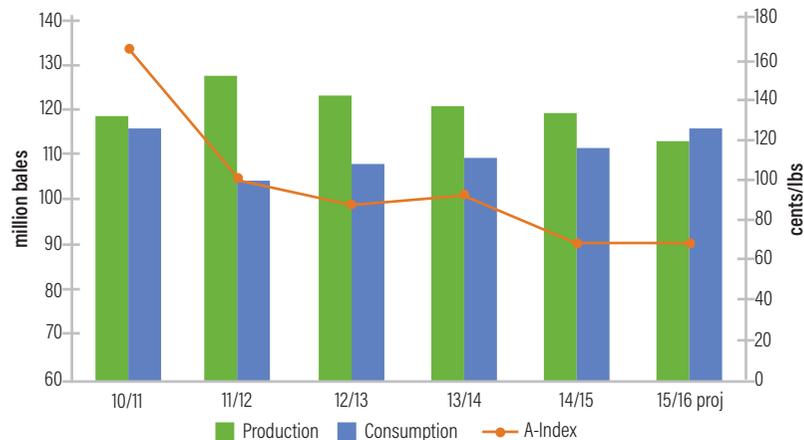




Conventional Cotton Production And Pricing

The cotton commodity market is driven by supply and demand. Alongside supply and demand, factors influencing the market are fiber quality, weather and agricultural shocks (droughts, floods, pest attacks), competition from other commodity crops, country subsidies, and the amount of cotton stock stored in reserve.

The table⁵ below shows production, consumption and the global commodity trading index (Cotlook A Index) over the past five years. The A Index is expected to remain level with the current season at 68 cents per pound (\$1.5 US/kg).



It's fair to say that the decisions China makes today will influence the cotton market tomorrow. Big influencers on pricing included⁶; China's cotton policies, which supported domestic and world prices above market-clearing levels and resulted in world stocks doubling between 2010 and 2015, a shift by the government from price support to income support, and stricter limits on imports.

5. Press Release [2016](#), [2015](#), [2014](#), [2013](#), [2012](#), [2011](#), International Cotton Advisory Committee
 6. [The U.S. Department of Agriculture's \(USDA's\) Cotton Outlook Forum](#), USDA, 2015

Organic Pricing - The Ongoing Conundrum

The demand for organic cotton is high relative to production. Yet demand is not balanced across the producing countries. Farmers in Africa and Latin America, for example, are not experiencing this demand, while farmers in other countries, India in particular, have demand but price differentials are low, trading lower than "price neutral" cottons in some cases. This is in turn dis-incentivizing the farmer, and while the farmer may remain in organic agriculture, they turn their backs on cotton, and switch to higher value or more reliable cash crops. As well as the long term decision of staying organic or not, farmers make an annual decision on which is the best crop to grow, so price uncertainty in cotton can cause them to be lost to this sector.

[→ [Market Review - India](#)]

Organic Cotton Prices In India Impact Organic Cotton Production Worldwide

While differentials may be up to 20 to 30 percent through dedicated supply chains, organic cotton in India is often trading in the open market at close to the price of conventional cotton or a little over. These low trading prices (currently, conventional is around \$0.65-0.70 USD/lb) may be attractive to buyers in the short term but result in dis-incentivized farmers. The knock-on is that farmers move to other organic crops if they can, or back to conventional cotton – and then everybody – and the environment – loses.

[→ [Q&A On Pricing, With Amish Gosai, India Country Manager, Textile Exchange](#)]

Q&A On Pricing, With Amish Gosai, India Country Manager, Textile Exchange

Q: How does the sale of organic cotton work?

Farmers usually sell organic seed cotton to “aggregators,” such as the holder of their Internal Control System, the marketing arm of their producer group, a trader, ginner or spinning mill, or an integrated manufacturer. Some farmers are organized into cooperatives and they carry out the ginning themselves and sell their value-added fiber to the market. They may even be integrated vertically with the manufacturing stages. The problem is that farmers have to follow the market and they don’t have the funds to hold on to their cotton and wait until they find the best buyer – it can be a very unequal transaction.

Q: What does a “sustainable price” look like? What should it cover?

A sustainable price would be one that both the farmer and the buyer have arrived at together. Terms and conditions are just as important such as timeliness of payment. It should cover five key things:

1. The time and money involved in organic cultivation – the data recording, time to make organic inputs or the purchase of organic inputs from the market (which is very difficult). Remember, in India, synthetic fertilizer is subsidized by the government.

2. The lower yield that some farmers face compared to chemical cotton production, especially when in conversion to organic or during challenging weather events.
3. A living wage, and meeting a family’s basic needs of food, housing, health, and education.
4. Cost of developing and maintaining a healthy rural economy.
5. Cost of conserving ecosystems and the landscape.

All of these “costs,” especially the last two, reflect the role of the farmer as a land steward and the opportunity for organic cotton to deliver the added eco-value of organic agriculture through market incentives. Currently, these costs are externalized, or picked up by NGOs. Or, if they are not met, they simply contribute to local poverty and global environmental and social degradation. That’s why we have to look at pricing and business as part of the sustainability landscape.

Q: Alongside prices to farmers, what terms and conditions of trade should buyers be thinking about?

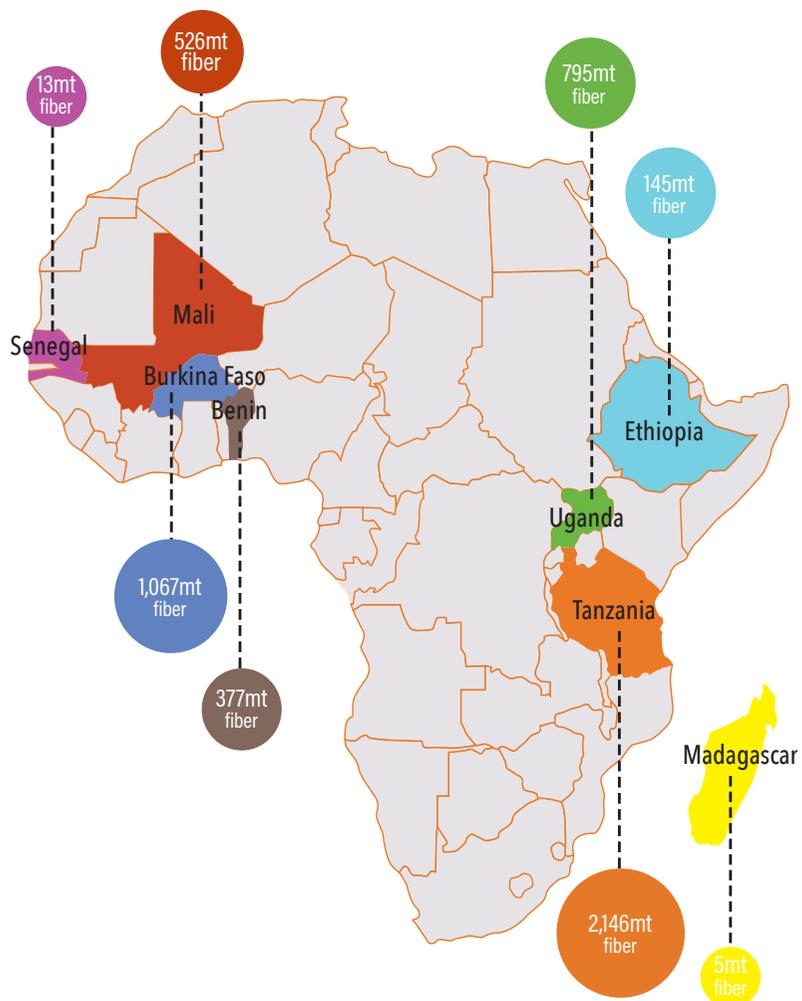
This is a good question, and important because, as well as price, the way to support and incentivize farmers is through good trade. Examples of favorable terms and conditions for farmers include: timeliness of payments, direct payments, logistical support such as storage, transportation, and gin hire, pre-financing for inputs, and forward contracting. All these terms and conditions offer some kind of business security and incentive that can really make a difference on net profit for the farmer. Remember that the decision of which cash crop to plant is made every year –organic cotton must be the right economic choice every year.

And even if differentials are paid, we must make sure they reach the farmer. It’s too easy for additional payments made at the finished product level to get soaked up in the supply chain.

[→ [Organic Cotton Prices In India Impact Organic Cotton Production Worldwide](#)]

AFRICA

Cotonea, Uganda



Benin



Burkina Faso



Mali



Senegal



Ethiopia



Madagascar



Tanzania



Uganda



West Africa

In 2014/15, organic and Fair Trade cotton production in West Africa saw a positive growth of 38 percent. Four countries in the region were active in organic cotton production, the largest producer being Burkina Faso (54 percent) followed by Mali (27 percent), Benin (19 percent), and Senegal (0.7 percent). This production stems, predominantly, from the same five projects that have been operating in the region for many years. Yield rates increased by seven percent to an average of 500 kg/ha in 2014/15, but remain much lower than the region's estimated potential yield of 800-1,000 kg/ha (Textile Exchange).

It is projected that West Africa's total organic cotton production will increase approximately six percent in 2015/16, as the situations in both Mali and Benin continue to improve.



HELVETAS Swiss Intercooperation, Burkina Faso

Benin: There are two producer organizations growing organic cotton in Benin: Ucoop Bio and OBEPAB. The latter accounts for the vast majority (92 percent) of the country's organic cotton production.

In 2014/15 there was a downturn in the government's policy to purchase organic cotton from farmers following the upheaval of an election, with farmers experiencing delays in payments. Ucoop Bio was most affected by the situation, with a drop in the organic cotton production area of around 55 percent. OBEPAB's production area actually increased but its average yield rate fell by 31 percent. This is thought to be a combined result of rainfall scarcity at the beginning of the planting season and the demotivation of farmers.

There had been concerns that the change in government might put organic cotton premiums at risk, with the new Prime Minister having strong connections in conventional cotton production. However, according to PAN UK, which works closely with OBEPAB, they, so far, seem to be assured.



Burkina Faso: Burkina Faso is the largest producer of organic cotton in West Africa. The key producer organization, the National Union of Cotton Farmers in Burkina Faso (UNPCB), experienced a 23 percent increase in total production in 2014/15. However, the group's main buyer recently pulled out so the group is now seeking an alternative buyer.

Seed security also remains of concern for organic cotton producers in Burkina Faso, though the country's recent reversal on GMOs may change this.

The RECOLTE project strengthening organic

The USDA funded RECOLTE (Revenue through Cotton Livelihoods, Trade and Equity) project, implemented by Catholic Relief Services in Burkina Faso since 2013, successfully contributes to upgrading the organic cotton value chain, while improving economic prospects, income and food security for more than 10,000 smallholder farmers and their families.

Two and a half years into RECOLTE, the farmers' union (UNPCB) surpassed its 2008/09 production record of 2,265 mt by 15 percent, translating into an average yield increase of nearly 15 percent and an average income increase of 31 percent. In addition, women farmers' participation has increased from 28 to 52 percent. UNPCB has now become one of the leading cotton producing organizations on the continent.

Going forward, the RECOLTE project plans to strengthen seed systems and rotational crops (sesame, soy, peanut). RECOLTE will also improve the quality and marketability of products by adhering to additional industry standards on top of the already acquired organic and Fairtrade certifications. In a context where the entire cotton industry in Burkina Faso has decided to cease production of genetically modified cotton, the RECOLTE project will explore possibilities to install a gin dedicated to organic cotton in order to assure zero risk of contamination and production of high quality seed.

Burkina Faso's Reversal on GMO Cotton

Extracts from Brian Dowd-Urbe and Matthew A. Schnurr's briefing published in *African Affairs* by Oxford University Press, January 2016

To date, only two GMO crops – insect-resistant forms of cotton and maize – have made it into the hands of African farmers. Of these, GMO cotton has the longest empirical track record, having been the first GMO crop ever introduced in Africa, and the only one that has been grown in multiple countries – first South Africa, then Burkina Faso. The performance of this crop has received intense scrutiny, as it offers the best indication of how the suite of other GMO crops slated for commercial approval may perform across the continent.

[Burkina Faso] became the showcase for how GMO crops can benefit smallholder African farmers. However, [...] Burkina Faso has begun a complete phase out of GMO cotton, citing the inferior lint quality of the GMO cultivars as the reason for abandoning its cultivation. Burkina Faso's phase out could stall or even end negotiations to adopt GMO cotton in other Francophone African countries with similar concerns over cotton quality. More generally, Burkina Faso's reversal could undermine public trust in GMO crops across the continent at a time when many African countries are grappling with the politicized and polarized debate over whether to adopt these new breeding technologies.

[...] the retreat of Burkina Faso, one of the most prominent and vocal supporters of GMO crops on the continent, could have significant implications for the future of GMO crops in Africa.



Mali: In 2014/15, MOBIOM, Mali's organic cotton producer organization, saw a 297 percent increase in fiber production. This was, in part, a result of the group gradually recovering from a leadership and management conflict that affected production in the previous year, with farmers experiencing long delays in payments. Some issues remain but the situation is improving and a continued increase in production is expected in 2015/16.

Senegal: Production volumes in Senegal are marginal compared to the rest of West Africa, with farmers focusing more on crops for the local market such as organic millet and hibiscus. Farmers have experienced difficulty in finding a good market for organic cotton, and there have also been issues with access to seed, rainfall scarcity

and timely payments to producers.

In 2014/15, organic cotton in Senegal was produced by Yakar Niani Wuli (YNW) in Koussanar and GIE Sodefitec in Tambacounda, though the latter of these groups has since ceased production of organic cotton as support from the APROCA project (funded by the French Agency for Development) came to an end in December 2015. One of the toughest challenges, for any support program, is to develop and secure market access.

The ECAI-bio initiative (see vignette on the next page) is building a foundation of organic agriculture and skilling farmers in production methods. The aim is to put farmer livelihoods at the center and the choice of crops will reflect market interest.



Large-Scale Organic Farming Project to Begin This Year in Senegal

The ECAI-bio initiative that was announced last year, which plans to support the development of 1,000 large-scale organic farms in Senegal, has just received the green light from the government to commence this year. The project is part of a bilateral agreement between Senegal and Germany. UNCAS (National Union of Agricultural Cooperatives of Senegal) will begin the process of finding suitable locations for the farms, and it is hoped that preparation of the land and the building of houses for the first farms will begin later this year. The project assures that it will not require the displacement of existing communities as Senegal has abundant available land.

The farms will produce organic crops for both the local and export markets, and each farm will measure at least 100 ha in size and will grow a variety of crops including organic cotton. The farms will be based on a model called "MacTrac Farms" but will be owned and managed by local people.

East Africa

In 2014/15, Ethiopia joined the existing line up of organic cotton producers in East Africa, with a new project in the Omo Valley reaching certification. The title of largest producer in East Africa remains with Tanzania (69 percent), followed by Uganda (26 percent), Ethiopia (5 percent) and Madagascar (0.2 percent).

Ethiopia: A new organic cotton project in Ethiopia's Omo Valley, managed by Turkish textile company Else Addis, reached certification this year, placing Ethiopia third in East Africa's line up of organic cotton producing countries.

There is also a new project being developed in Ethiopia's Arba Minch, initiated by PAN UK and Solidaridad. Though not yet certified organic, the project currently supports 2,000 smallholder cotton farmers with finance, technical assistance and market linkages, and hopes to secure funding to expand the number of farmers and support their transition to organic. PAN UK recently supported Dr. Simplicie Davo Vodouhe, Director of OPEPAB in Benin, to visit the group in Ethiopia to share the experiences and lessons learned by organic cotton producers in Benin.

[→ [Organic Cotton And PAN-UK: From Benin To Ethiopia](#)]



Cotonea, Uganda

Organic Cotton And PAN-UK: From Benin To Ethiopia

The successful work that PAN-UK and their national partner OBEPAB (L'Organisation Béninoise pour la Promotion de l'Agriculture Biologique) have been doing in Benin for the last 20 years is going from strength to strength. So much so that it has brought an opportunity to share and develop similar techniques with cotton farmers in Ethiopia.

Dr. Simplicite Davo Vodouhe, Director of OPEPAB, visited Ethiopia with the support of PAN-UK to share his experiences and lessons learned in Benin face-to-face with Ethiopian farmers.

Dr. Robert Mensa, the pioneering developer of an innovative food spray, accompanied him and together they carried out training in local communities in how to develop, test and apply the food spray as part of a wider integrated pest management approach, adapted to their specific regions. For example, farmers were trained in experimental design for controlled trials to explore and experience for themselves the intricacies and advantages of the food spray approach. Similarly, the recipe itself was adapted, substituting the original brewer's yeast, which is hard to obtain in Ethiopia, for fermented maize instead. The exchange has been deemed a success, so far, by all involved.

[→ [Market Review: East Africa](#)]



Madagascar: Madagascar is a small and still relatively new producer of organic cotton, and unfortunately its production is being challenged by pest and organizational issues. Since 2014, for example, there has been an invasion of mealy bugs that is proving difficult to control. MAM-AGRI ceased producing organic cotton in 2014, but BIONEXX, Madagascar's other producer of organic cotton, expanded its land area under organic cotton and so the country's total production figure remained stable, though marginal, at around 5 mt.

Tanzania: BioSustain and bioRe remain the key organic cotton producers in Tanzania. Very poor rains in 2014/15 had a severe impact on production, with the bioRe project in Meatu being most severely affected,

experiencing a 59 percent decrease in production (with total land under organic cotton decreasing only two percent.) BioSustain was also affected, though not quite so severely, with total production falling 17 percent.

The 2014/15 season saw BioSustain begin producing cotton under the new CmiA-Organic Standard following successful verification of its practices.

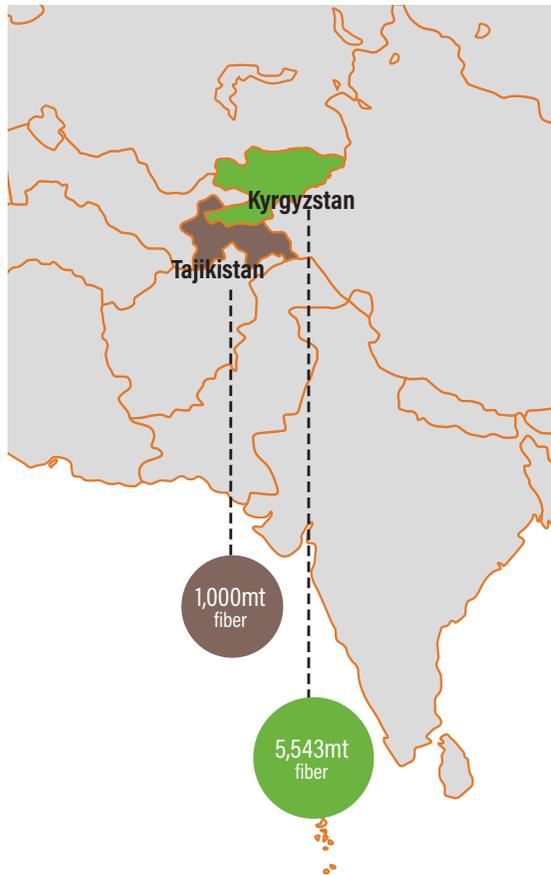
Uganda: Organic cotton in Uganda is produced by Gulu Agricultural Development Ltd. Land area under organic cotton dropped 18 percent due to demand for organic sesame, yet total production increased by 14 percent, indicating a successful season with an increase in yield. With the support of Cotonea (Elmertex) in Germany and

Plexus Trading, the Gulu farmers in Uganda have the potential to reinvigorate organic cotton production. For now, while demand for organic cotton is weak or under-realized, the market for sesame, and more recently chili is beginning to thrive. The Gulu farmers are successfully exporting export-grade organic sesame to the European market and making good progress with organic chili (also experiencing demand from Europe). With 40,000 farmers on the "waiting list" to enter the organic program, there is huge potential to build livelihoods in this part of Africa that is very poor and still recovering from years of civil war.

[→ [Cotonea - Connecting Farmers From Kyrgyzstan And Uganda To The European Market](#)]

CENTRAL ASIA

Cotonea, Kyrgyzstan



Kyrgyzstan



Note: * indicates where data is derived from a partial set of producer groups.

Tajikistan



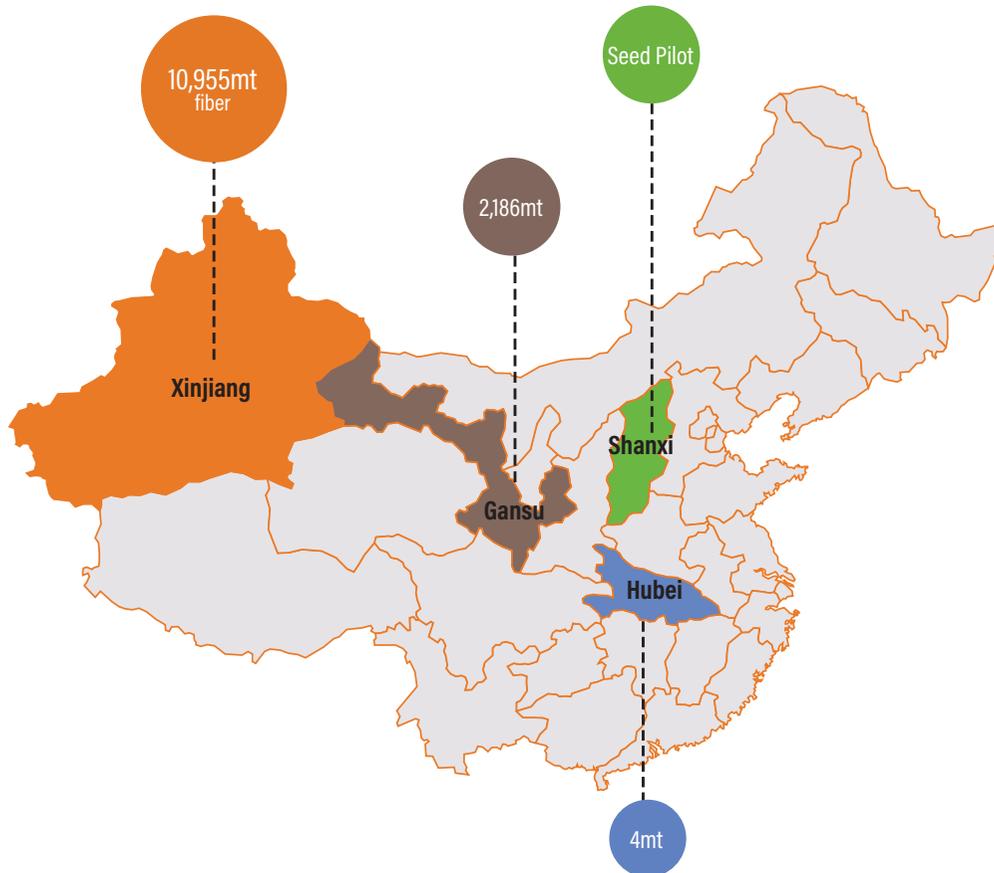
Kyrgyzstan: Note that the significant increase in Kyrgyzstan's production figure for 2014/15 is due to improved data collection and disclosure rather than a large expansion in production.

Kyrgyzstan's ACSC Bio Farmer producer group operates in the Suzak, Bazar-Korgon and Nookan regions of Jalal-Abad oblast. There has been a gradual upward trend in the group's organic cotton production in recent years, which looks set to continue, with an additional 261 ha of in-conversion cotton due to become certified in 2015-2016, and a further 476 ha by 2017/18. Of Bio Farmer's total organic cotton production in 2014/15, 57 percent was also Fairtrade certified.

Tajikistan: The sharp, 459 percent increase in Tajikistan's production is a result of large areas of the cooperative Bio-Kishovar's in-conversion cotton becoming fully certified in 2014/15. A portion of this production is now also Fairtrade certified. The group, which is supported by Helvetas Swiss Intercooperation, next plans to focus on improving the quality of its fiber to meet market demands. A further significant increase in production is therefore not foreseen in the immediate future. In 2014/15, a threat from GMOs appeared in Tajikistan when it was discovered that GMO seeds had traveled across the border.

CHINA

Mecilla, China



Organic cotton production in China increased seven percent in 2014/15, alongside a 13 percent increase in land area under organic cotton. The slight disparity in the rates of these increases is thought to be due not to a decrease in yield but to the fact that farmers are increasingly diversifying the portfolio of crops that they grow; a trend which has many environmental and socio-economic benefits.

On the market side, export of organic cotton is slowing down but the domestic consumer market is growing steadily. One factor fuelling this growth is the growing domestic demand for organically certified cotton seed for use as cow fodder in China's organic milk sector.

Another factor is that some international brands are starting to work with foundations to promote organic cotton cultivation in China, potentially marking a new beginning for the sector. The C&A Foundation has recently invested in organic cotton production in the Hubei province of China. The project currently has 16.47 ha planted with cotton in transition to organic.

International brands are learning how to retail organic textile products according to the requirements of the Chinese standards, and Chinese brands are also increasingly promoting organic cotton. There are investors looking at how to promote and sell organic cotton products online, and consumers are also increasingly interested in natural (plant-based) dye products. All of this is paving the way to a market in China that is more focused on sustainability and the use of organic, natural products.

[→ [China's Growing Interest In Certified Organic Products Leads To Talks Of Collaboration](#)]



Certification And Labeling Of Organic Products In China

Currently, the Chinese organic standard requires certified organic products to contain 95 percent organic cotton fiber, and any use of harmful substances must meet the ecological requirements outlined in GB/T 18885. There are substantial differences between the GB/T 18885 guidelines and those outlined by the Global Organic Textile Standard (GOTS). Firstly, the organic fiber content requirement is more demanding (though the Chinese standard is considering amending this to address the challenges it poses to brands striving for specific functional properties) and secondly, the Chinese standard requires either plant or mineral based dye while GOTS allows the use of chemical dyes.

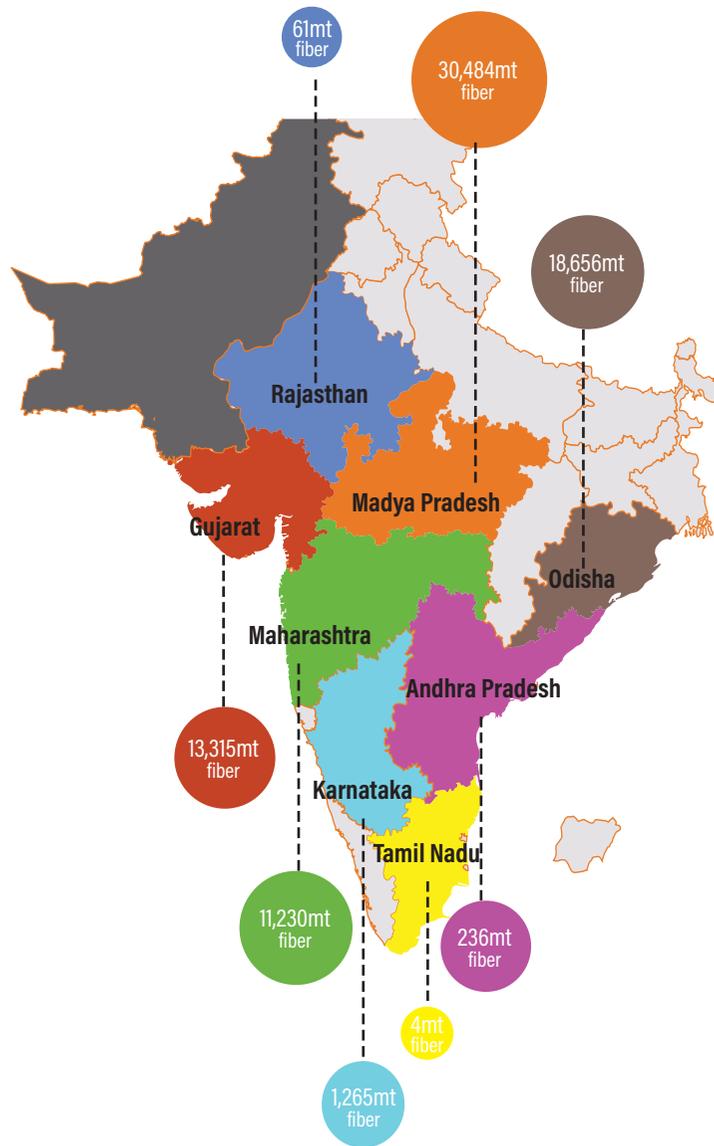
As a result of these differences, when brands are determining their product lines for the Chinese market they must take into account these stricter requirements in terms of both the fiber content of their products and their dyeing and processing supply chain partners.

[→ [Global Organic Textile \(GOTS\) Standard](#)]

INDIA



Green Cotton Project, India



157,721 Farmers
 276,736 ha Land
 148,105 ha Organic Cotton Land

75,251 mt Fiber
 Fiber Yield: ≈ 508 kg/ha
 Fiber Length: S,M,L,ELS

76,080 ha Land In-Conversion 2015/6-17/8
 2013/14-14/15 Growth: ↓13%
 Projection for 2015/16: Decline

Conventional cotton production in India decreased by 4.6 percent in 2014/15, despite the Indian government increasing the minimum support price by 50 INR per quintal cotton (\$7.42 USD/mt). The decrease was due to the low price of cotton on the international market, reduced government uptake resulting in farmers receiving prices below the MSP, and pest attacks on Bt (GMO) cotton resulting in higher input costs and the rising cost of labor.

[→ [Organic Pricing - The Ongoing Conundrum](#)]

Number Of Farmers And Land Area Under Organic Has Increased

Organic farming in India is certified under the National Programme for Organic Production (NPOP), with more than 157,721 organic cotton farmers certified to the Standard in 2014/15. In 2014/15, 276,736 ha of land was certified organic with approximately 148,105 ha (54%) dedicated to organic cotton. Almost every State showed an increase in land area with the exceptions of Tamil Nadu and Rajasthan. Madhya Pradesh continued its strong leadership, with 46,511 ha under organic, followed by Odisha at 35,264 ha and Maharashtra at 32,739 ha.

Volumes Of Organic Cotton Decreased Slightly

Despite an increase in both land area and the number of farmers, production volumes of organic cotton actually reduced by 13.4 percent compared to last year, from 86,853 to 75,251 mt fiber. This was largely due to the trend of farmers - both organic and conventional - moving away from cotton and introducing a higher proportion of grains, vegetables, and flowers into their production systems, with flowers for wet markets and pharmaceuticals becoming increasingly lucrative for organic farmers. Similarly, among the new organic cotton projects that have been



initiated in recent years, due to limited markets for selling in-conversion cotton, some of these farmers focused on other agricultural products.

Another reason behind the drop in organic cotton production in some parts of India is to do with the mismatch of fiber lengths for the market. Common lengths are 19-26 mm, suitable for denim products and home furnishings, and 33-40 mm, suitable for luxury products - both of which have a relatively lower market demand than the medium lengths, which sit between the two.

In-Conversion Should Result In Growth

Based on current in-conversion data, we can see that there is significant investment in organic cotton production taking place, which will likely result in a growth in the country's total production over the next 3 years. Assuming that all current in-conversion land reaches certification, and that at least 50 percent of this land is dedicated to cotton (in 2014/15, an average of 54 percent of organic cotton growers' land was dedicated to cotton), TE estimates that in 2016/17 there will be slight growth (1.5 percent) in certified land area, resulting in an additional 1,000 mt of organic fiber. Significant growth (13.5

percent) will begin in 2017/18 as large areas of in-conversion land becomes fully certified, resulting in an additional 10,000 mt of organic fiber. By 2018/19, 20,000 mt of organic fiber should potentially reach full certification.

Seed Supply Is On The Rise

India's response to the "seed situation" is starting to gain momentum. The vision is for a joined up strategy across the country, and 2014/15 marks a year of significant progress. Initiatives and investments, both small and large scale, include:

- The Green Cotton Project in Madhya Pradesh
- Chetna's Seed Guardians Program in Odisha
- The Organic and Fair Cotton Secretariat (OFCS) seed trials in Madhya Pradesh
- The Indian Central Institute of Cotton Research (ICCR) call for a revival of indigenous seed varieties
- The Government's strategy for a "cluster" approach to chemical-free zones

[→ [Sowing The Seeds For Change](#)]



Addressing The Challenges

Indian organic cotton farmers continue to face systemic challenges but work is under way to find solutions. Particularly to:

- The restricted availability of non-GMO seed, which suffers a lack of investment at both the government and private level. Many producer groups are keen and ready to develop their organic cotton production but need more support.
- The integrity and transparency of organic cotton continues to be a challenge, not only at the farm level but also further up the textile supply chain. Improving transparency is key to better understanding the root causes, strengthening integrity, and improving business models.
- The business case for farmers is intrinsically linked to trade. Unless prices, terms and conditions of trade improve, organic farmers will choose to grow other, more lucrative, crops.

The OFCS and the Organic Cotton Accelerator, among others, are part of the solution.

[→ [Local Embedding Is Vital to Lasting Change](#)]

[→ [Organic Cotton Accelerator](#)]

“

The organic sector is facing challenges on integrity and it is important that each step of the supply chain plays a role in finding solutions. Tools including training, testing and standard operating procedures are changing practices and where brands are engaging with their supply chain we see more transparency and accountability at each stage.

- Alison Ward, CEO, CottonConnect



The C&A Foundation knows it will take all stakeholders, from farmers to corporates to government officials, to build a resilient organic cotton sector in India. Here, Anita Chester tells us how it must start local to go global.

Local Embedding Is Vital to Lasting Change

Anita Chester, Head of Sustainable Raw Materials, C&A Foundation

We started our work on organic cotton in 2014 and already the results are beginning to show, reaffirming our faith that sincere effort rarely goes unrewarded. Perseverance and belief are the bedrock for any systemic change to take root.

Working with farmers to help them choose organic over conventional is what we enjoy most and the strength of our partnership has made this journey worthwhile. CottonConnect was our first partner. Now we see their work beginning to scale. WWF, Action for Social Advancement (ASA) and the Aga Khan Foundation are newer partners in India, but all have a successful year behind them and are expanding their work in organic cotton exponentially. Over 25,000 are already certified as "in conversion organic" and this number is likely to grow to 35,000 by 2018. By then a large majority will be certified as organic.

Our big push has been in Madhya Pradesh, India. This region is easily the most important for organic cotton production globally and, ironically, home to small marginal tribal farmers who are extremely vulnerable to extreme weather conditions caused by climate change. Whilst partners have different approaches, each initiative aims to build resilience amongst the communities it works in.

In scaling this momentum and addressing barriers jointly we have seen the strength of collaboration, of people and organizations working together, of building something bigger than the individual parts, and of change that is permanent and not just created but owned.

We see this with the Organic & Fairtrade Cotton Secretariat, Madhya Pradesh, an organization that brings together farm groups, policy makers, researchers, standards and certification bodies. Fourteen organizations participate in this group, collaborating to eliminate the barriers that are holding back the production of organic cotton. ASA is coordinating the Secretariat and is leading efforts to dialogue with the state government and C&A Foundation funding keeps the secretariat running. Thanks to the support of a very positive state government that has a policy on organic cotton in place, what this group has achieved in a short time is no small achievement. This includes:

- The roll out of a non-GMO cotton seed-breeding program with two of the largest agricultural universities in the state.
- A plan to market the seeds from this programme by the state federation of farmer producer companies.

- The launch of an academic curriculum by the agricultural university to strengthen the cadre of organic cotton producers.

There is more in the pipeline and already the state government is eager to develop a 5-year roadmap for organic cotton. If this goes to plan, it has the potential of doubling the production of organic cotton in the state and Madhya Pradesh could well become a model for other regions in the country.

At C&A Foundation we are humbled by the dedication of our partners and their collective will to succeed. Though their journey may appear long and arduous, the first signs of success are encouraging.

[→ [Addressing The Challenges](#)]
[→ [C&A Foundation Annual Report 2015](#)]

Amit Shah, CEO & Founding Director of Spectrum International, calls for a review of costing structures, and retail pricing to further support a true cost model.

Reviving The Business Case For The Organic Cotton Farmer

Amit Shah, CEO & Founding Director, Spectrum International Pvt. Ltd.

We have been working with marginal farmers in India for over 18 years, teaching and incentivizing them to grow organic cotton. Back when we started in the late 1990s, the biggest challenge we faced was relatively simple. Farmers had to stop using synthetic pesticides and inputs and replace them with natural alternatives for pest deterrence and protection as well as soil and plant health.

While farmers took some time initially, they got with the program quite easily as organic cotton farming meant reduced cost as well as better and, more importantly, assured returns.

Over a period of time, it was believed that farmers would phase out upcharges and organic cotton would become the norm. The business case was simple both for the supplier and the retailer. Many retailers in the mid-2000s began promoting organic at the same cost as conventional. They started taking the "hit on the upcharge," which was meant to last for only a few years.

In the midst of all this came GMO cotton. GMO cotton, with its promise of high yields, was promoted to the hilt. And despite the fact that

the technology was not tested or its impact not measured, farmers started to sow GMO seeds with the expectation of immediate gratification. While one can argue about the problems associated with the use of GMOs in an uncontrolled manner, there was a general belief in the technology and farmers experienced yield gains.

And while there was a back-lash against all that GMOs represented, no one focused on how they would affect the business case of organic farming. In a country like India where a farmer on average does not hold more than two hectares of land and grows approximately 1,000-1,400 kgs of seed cotton per hectare; GMOs heralded an age where 1,500-2,000 kgs could be produced, at least in the beginning. Taking today's average market price of seed cotton meant that a farmer's gross income went up by approximately 20-30 percent.

As margins of organic cotton shrink, the business case for a farmer to conduct organic farming is shrinking with it. While all are still clearly able to see the advantages of organic farming in terms of soil health, product quality and biodiversity

the fact remains that the economic risk of introducing organic farming is just too apparent. Until the farmers are paid for their environmental stewardship, this situation will not improve.

Through this article, I hope to create awareness that the organic farmer, despite a lower per hectare cost in comparison to conventional farming, IS losing money and is NOT getting compensated.

It is my humble opinion that if organic cotton is to be sold in the long run as self-sustaining, products made from organic cotton cannot be sold at the same price as conventional. This is a major shift in the marketing strategy for many, but this is at the heart of all things. Only if this imbalance is corrected, can organic cotton production grow at a higher rate than it is today.

If the farmer does not see a business case in growing organic, how can consumers, brands, and retailers expect businesses to survive on organic?

Let's now take a closer look at how a farmer in South India is making the most of mixing organic markets, and benefiting from the demand for organic marigolds.

Introducing Suminter Organic Cotton Farmer Mr. Kalaswamy

Suminter India Organics Pvt. Ltd. produces high-quality organic food and fiber products in the states of Gujarat, Odisha and Karnataka under environmentally and socially conscious conditions. In Karnataka, Suminter works in Kabini with 3,500 cotton farmers covering 2,490 ha, offering training and support in the transition to organic. In the Mysore district of Karnataka, a lack of food in the forests means that the wildlife thrives on food crops, and, as a result, cotton farming is popular in the area.

Small farmers like Mr. Kalaswamy, son of Nagaiah, from Vallahally in Mysore, have benefited considerably from organic farming. Kalaswamy was previously a casual laborer but began organic farming on his 1.6 ha of land with support and guidance from Suminter on organic methods. He now not only produces organic cotton but also marigold flowers, horse gram, and ragi as intercrops and second crops. Organic flowers in India are seeing a surge in demand, making them an increasingly popular and lucrative crop choice.

Kalaswamy also now produces organic manure (vermi-compost) not only for his own farm but also to sell to neighboring farmers. Sowing with quality cotton seed and using optimal amounts of organic manure, Kalaswamy has managed to increase his organic cotton yield from 1,235 to 1,500 kg per ha of seed cotton. Fiber quality has also improved, averaging 34+ mm in length, which fetches a better price on the market.

The following chart gives a breakdown of Mr. Kalaswamy's income sources, expenditures, and net profit. It's clear that marigold played an important role in his household income (44 percent) in 2014/15. This table also reflects the trend discussed earlier regarding the percentage share of land under organic cotton compared to other crops in the mix. Farmers like Mr. Kalaswamy are remaining organic, but unless cotton prices improve, will chose to grow other crops for cash.

A Typical Small Scale Farming Household In South India⁶ (1.6 ha)

Income Source	Quantity (kg)	Expenditure (USD)	Income (USD)	Net Profit (USD)	Land Area (ha)	Land Share (%)	Profit Share (%)
Organic Cotton (Kharif Crop)	1,800	\$ 267.00	\$ 1,141.85	\$ 874.85	1.00	62.50	26
Organic Marigold (Kharif Crop)	17,000	\$ 297.00	\$ 1,764.70	\$ 1,467.70	0.60	37.50	44
Vermi Compost	30	\$ 29.70	\$ 111.20	\$ 81.50			2
Ragi and Straw (Rabi Crop)	3,500	\$ 148.53	\$ 778.53	\$ 630.00			19
Petty Shop Business			\$ 296.50	\$ 296.50			9
Total		\$ 742.23	\$ 4,092.78	\$ 3,350.55	1.60		

6. Data provided by Suminter India Organics Pvt Ltd



Sowing The Seeds For Change

In order to thrive in a predominantly GMO based cotton landscape (at least it is today) the organic sector will require the entire cotton industry to respect the rules of co-existence. This is a topic TE is especially passionate about and co-existence is one of the themes at this year's Organic Cotton Round Table in Hamburg.

[→ [Seed Supply Is On The Rise](#)]

[→ [Organic Cotton Round Table](#)]

However, change is afoot. New research by the Indian Central Institute of Cotton Research (CICR) shows a growing preference for indigenous seed varieties over GMO in northern India. The CICR has reported a major dip in the demand for genetically

modified Bt cotton seed in India (Bt cotton is cotton that has been genetically modified by the insertion of one or more genes from a common soil bacterium, *Bacillus thuringiensis*).

Introduced by Monsanto in 2002, Bt cotton has become the mainstay of cotton farming in India, but recent research indicates a sharp increase in the use of local varieties of cotton seed in place of Bt cotton in the northern states. According to CICR's data, which was collected from states' agricultural departments, there are 72,280 hectares under indigenous varieties of cotton in the northern states this season (2016) compared to only 3,000 hectares last year. A similar trend is expected in other cotton growing areas of the country, though already the supply of indigenous seed is not keeping pace.

The question, of course, is why are farmers abandoning Bt? Sources attribute the trend to a number of reasons, one being the heavy losses experienced in the north last year following a white fly attack. Sources explained that Bt cotton is not claimed to protect against white fly bug, but local seed varieties are known to have natural resistance against this pest.

Dr Kranthi, CICR in India, emphasizes the importance of native varieties, claiming that Desi cotton can be as profitable as Bt-cotton in rainfed Maharashtra, and that India's cotton future lies in Desi cotton.

“ It is important for the cotton scientific fraternity to renew their focus on the strengths of the native cotton and build on them to develop robust climate resilient Desi varieties that produce premium quality fiber with least dependence on chemical inputs. This is eminently possible. As Robert Goddard said, 'It is difficult to say what is impossible, for the dream of yesterday is the hope of today and the reality of tomorrow.' Strange, that we transformed Desi cotton which was a wonderful reality of yesterday into a dream for tomorrow.

According to Arun Ambatipudi, advisor to Chetna Organic, it's an opportune moment for organic cotton to regain lost ground in India.

“ We're seeing a fight back against Big Agriculture. For the first time, local seed companies are going against the mighty Monsanto – they are filing complaints and seeking government and court interventions. In addition, the Government is taking action against Monsanto, making orders for big cuts in trait fees and demanding the company pay compensation to farmers for any reported crop losses. Monsanto responded with an open threat to quit India, but the Government is standing firm. Seed companies are not expressing any great concerns, and the mood of the entire country is against Monsanto.

We have seen a sharp decline in demand for Bt cotton seed and a nearly 25-fold increase in the area under indigenous cotton seed varieties from last season. Private seed companies are seeing the way the market is moving, hedging risks by starting, once again, to produce non-GM cotton seed. Organic and Fair Trade cotton programs are undertaking large and long-term organic cotton seed multiplication projects, while state governments and research agencies express full support and say they intend to encourage cotton farmers to shift towards organic production practices.



This Year Marks The Fifth Year Of The Green Cotton Project And Their Trials Of Non-GMO Cotton Seed

The Green Cotton Project aims to ensure the long-term availability of non-GMO cotton seed for organic cotton farmers in India through collaboration between organic organizations and public institutes. In a participatory process involving organic cotton associations bioRe Association in Madhya Pradesh and Chetna Organics in Odisha, Prof. Patil from the UAS Dharwad and the Research Institute of Organic Agriculture (FiBL), *G. hirsutum* and *G. arboreum* cultivars have been tested and new crosses have been made to select cultivars which are specifically adapted to organic growing conditions with stable yield and high fiber quality.

Initial results are very promising and will be presented at the Seed Summit on October 7 2016 in Hamburg, Germany, following TE's Organic Cotton Round Table. This project is supported by the Mercator Foundation Switzerland.

Appachi - Woven Air

The renowned Indian textile, Dacca Muslin, was said to be so delicate, the yarns used so fine and the hand weaving so intricate that a sari could pass through a ring. "This fabric was fit for royalty but had to be layered multiple times to protect the wearer's modesty," explains Mani Chinnaswamy, founder of Appachi Eco-Logic Cotton.

Ethicus, Appachi's in-house brand, has recreated this legendary fabric and is proud to present "Woven Air"- a story of revival of the finest Indian fabric ever made. Hand-woven by skilled artisans at the Ethicus studio, the fabric is unparalleled in its purity and singular in its style. It is a true mark of beauty and elegance. Experience the unrivalled luxury and feel the incredible softness of "Woven Air".

"Woven Air" is made with Appachi Suvin, the longest organic cotton fiber in the world and the jewel in the Indian cotton crown. The seed belongs to *G. barbadense* and is a straight variety (non-hybrid and non-GMO) with the unusual combination of a 38-40 mm fiber length and a 2.8 to 3.1 micronaire value, which gives it its unusually fine and delicate texture. The cotton has a very fascinating history and Ethicus, as well as the Cotton Association of India, is striving to promote awareness of Suvin to prevent its extinction."

[→ [Ethicus - A Connoisseur Of The Six Yards](#)]



The more brands and retailers can connect with producers, the greater the potential to find solutions to the current challenges. Reducing risk in the supply chain and enhancing opportunities will also improve communication with stakeholders and provide links with consumers. Eco pioneers, such as People Tree, have led the way in this, and new initiatives such as the Chetna Coalition are helping to create models for transformation.

“ Our Mission is to create livelihoods for the most economically vulnerable people in the world...organic has always been my passion as an ecologist and human rights activist. That, with good design, is the DNA that People Tree is built on..!

- Safia Minney,
Founder of People Tree

LATIN AMERICA

Ecotton/ Bergman Rivera, Peru



Brazil



Columbia



Peru



TE Ambassador Silvio Moraes traveled extensively in Peru and Brazil, meeting organic cotton farmers and other key stakeholders to get a better sense of the current situation. He explains:

“ The concerns involving the production of organic cotton in Latin America nowadays, as expressed by most of the stakeholders, are the severe climate shocks (mostly droughts) and how to face the competition with products from Asia. On the farmers' side, based on the visited groups in Brazil and Perú, I am firmly convinced that the family smallholders involved in organic cotton projects have improved working and welfare conditions, when compared with the other farmers around. The challenge now is how to increase the number of organic cotton farmers and, therefore, the organic cotton production in the region. To do so, we need more technical assistance provided to the farmers, better prices for the fiber, and guarantee of purchase offered by the buyers.

Brazil: In Brazil, the historic drought in the northeast region continued into its fourth year. Despite this, 112 small-scale farmers managed to harvest 22 mt of organic cotton fiber from 160 ha of land. This represents a 142 percent increase in Brazil's land area under organic cotton; though with yields affected by drought, total production increased at a much slower rate of 39 percent. Production of organic cotton in Brazil is distributed between Paraíba, Ceará, Rio Grande do Norte, Piauí and Pernambuco. There are currently many agents involved in the expansion of organic cotton production in Brazil and the outlook for next year is promising.

Colombia: In Colombia, a pilot project, initiated last year by the initiative SoCiLa with support from German company La Siesta, planted 18 ha with organic cotton in the Tolima state. Though Colombia is a promising location for organic cotton production, with a climate that enables two growing seasons per year and its close proximity to the US market, the SoCiLa project faced many problems in 2014/15 and harvested little more than 2 mt of seed cotton.

Nicarágua: After the good news last year that the Association of Ecological Producers of Nicaragua (APRENIC) had resumed growing organic cotton in the CIA (Centro de Investigación Agrícola) with support from CORPROEXNIC, Nicaragua suffered severe drought in 2014/15, which resulted in the complete loss of both of its organic cotton harvests. Next year (2015/16), the project plans to focus on protecting its national variety Melba by planting purely for seed production.

Paraguay: Similar to the situation in Nicaragua, the conditions for organic cotton production in Paraguay were also very poor in 2014/15, resulting in no organic cotton production. According to representatives from Aratex Orgánica, the textile-processing partner of the country's organic cotton producer group Arasy Orgánica, there were several drawbacks that contributed to this situation including poor climate, lack of seed availability, and financial issues. Aratex Orgánica continued operating and producing finished products because of a stock of organic cotton fabric that had been collected over previous years.

Peru: Organic cotton producers in Peru, as in other countries in the region, were severely affected by the poor climate conditions in 2014/15, and important players Oro Blanco and New Expo harvested no organic cotton. However, 221 farmers growing organic cotton for Bergman Rivera/ Ecotton and Inversiones San Cristoval managed to harvest 553 mt fiber from 661 ha of land. Bergman Rivera is making an effort to increase its organic cotton production, despite facing rising production costs and price competition from producers in Asia. In 2014/15 the group planted 368 ha; 360 percent more than the 80 ha it planted in 2013/14.



Preserving Peruvian ancient fibers

Orlando Rivera, Bergman/Rivera

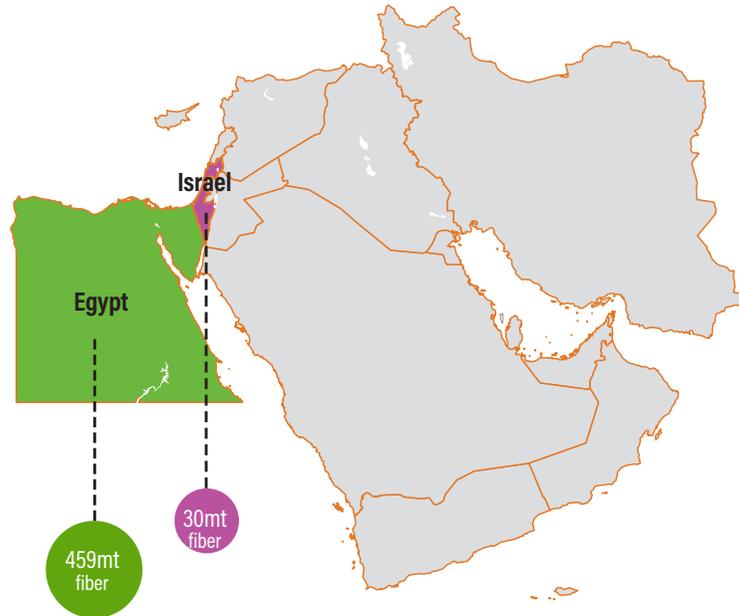
Bergman/Rivera is a Swedish-Peruvian company with more than 20 years of experience in sustainable textiles. We work directly with more than 160 farmers in Peru to transform their products into high quality textiles. Our business model is based on developing strong and transparent relations between the farmers and our clients.

Bergman Rivera is fully committed to the preservation of Peruvian ancient fibers such as naturally colored cotton. We work with the farmers on improving their quality of life by giving them the tools to generate a self-sufficient income.

Bergman Rivera works with three types of organic cotton fibers - Naturally Colored Cotton, Organic Pima Cotton and Organic Tanguis Cotton - processing them into yarn, woven and knitted fabrics, and final garments. We offer organic cotton in all of these options in order to make it appeal to any type of business. We help our customers choose the right material for their specific needs.

MIDDLE EAST & NORTH AFRICA

Cottonforlife, Egypt



Egypt



Israel



Egypt: Note that the sharp increase in Egypt's total fiber production in 2014/15 is in part due to improved data collection and disclosure and does not reflect an equally sharp increase in production. Having said that, a new initiative is being piloted near Damietta (which you can read more about on the next page) and SEKEM (Egypt's long-standing organic cotton producer) experienced a 34 percent rise in production.

Israel: There is still only one organic cotton farmer in Israel, who grows ELS organic Pima cotton. However, this farmer is reducing their acreage of organic cotton, with production halving in 2014/15 and with plans to cease production entirely by 2016/17.

SEKEM, which produces ELS cotton in the regions of Fayoum and Elbeheira, has been gradually increasing its land area under organic cotton in recent years after a decline in 2011/12, and this gradual upward trend looks set to continue. In 2014/15, land area under organic cotton increased eight percent, which alongside the growth in fiber of 34 percent indicates a successful season for the group with a rise in yield.

Five Years on from the Egyptian Revolution, SEKEM and NatureTex Continue to Thrive

Sustainable agriculture, production and business are always challenging – in post-revolutionary Egypt especially. The organic textile company NatureTex, part of the Egyptian initiative SEKEM that promotes ecology, economy and cultural and societal life, went through difficult times as well.

Now, five years after the Egyptian revolution, NatureTex and SEKEM can happily say that they have made it through, keeping the focus on holistic and sustainable business practices and a closed value chain that considers all, from farmers to consumers. The company believes that it is this holistic approach that brought the company back on track. Contracted farmers practice organic and biodynamic agriculture all over Egypt, producing high quality Egyptian cotton. Co-workers benefit from cultural activities, training and awareness-raising that enable them to develop their potential and realize the benefits arising from sustainable organic production, and business partners and friends from all over the world (that cooperate with NatureTex in a fair way) support the company in foreign markets.

Now, after overcoming the first challenges, the Egyptian organic cotton producer is focusing on improving its resilience and integrating with the local market to a greater extent so that Egyptian farmers, factory workers, and also society in general can benefit from sustainable organic cotton products.

Cottonforlife

Cottonforlife is an integrated five-year program initiated by Filmar Spa to support and promote sustainable fashion through the cultivation of Egyptian extra-long staple organic cotton. The initiative has developed a unique and extra-fine organic yarn called NILO, which has received a great response from international buyers and brands. It currently oversees production on 80 hectares of land near Damietta, with the aim to expand to other areas of the country.

The initiative emphasises economic and social inclusiveness and active involvement of vulnerable groups. It promotes training and employability of young people in the textile industry through collaboration with the Egyptian Ministry of Education. The aim is to capture opportunities in national and international markets to improve farming environments and create better and more secure livelihoods for farmers.

[→ [Sector Focus: Luxury](#)]



PAKISTAN

RBDC, Pakistan



Though there was no known certified organic cotton production in Pakistan in 2014/15, there are two promising new projects that look set to breathe new life into Pakistan's organic cotton sector.

The Pakistan RBDC Continues to Support New Organic Cotton Production

Despite funding challenges, the Rural Business Development Center (RBDC) Pakistan continued to work closely with 100 organic cotton farmers in Layyah, supporting them in the production of organic cotton seed. Though not yet certified, this seed will help to scale up organic cotton production in the region, and the certification process is planned to begin in July 2016. An additional 500 farmers are registered to begin organic cotton production in this area.

In addition, Chakwal, an area in the same cotton belt as Layyah, is also set to begin organic cotton growing production, with 500 farmers already registered and another 1,000 set to become registered in 2017. In Chakwal, farmers grow a local cotton variety that is suitable for quilts, comforters, cushions, and pillows.

The KatoRani project continues to work with 1,000 women farmers helping them convert to organic cotton production, focusing particularly on the collection and storage of seed from the in-transition cotton production.

C&A Foundation Promotes Organic Cotton Production In Pakistan

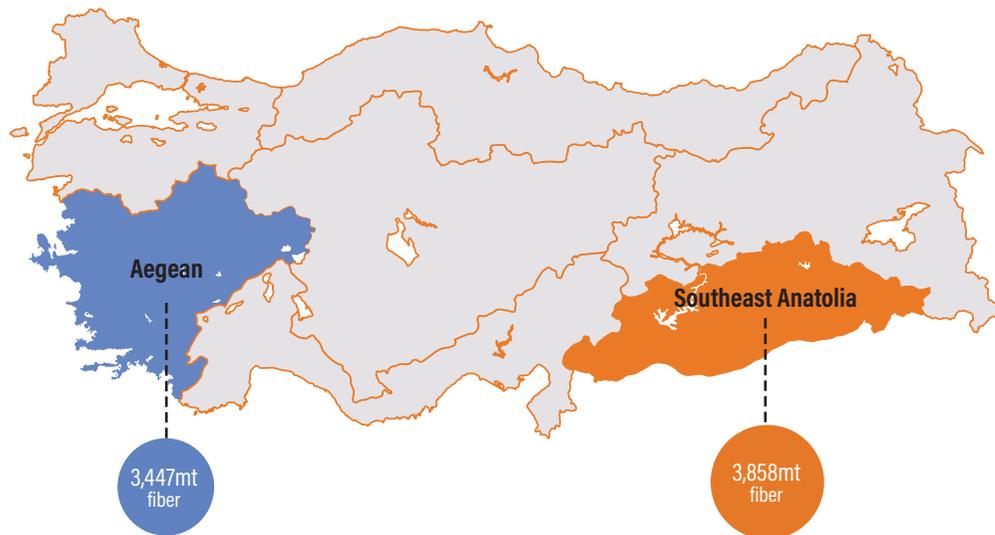
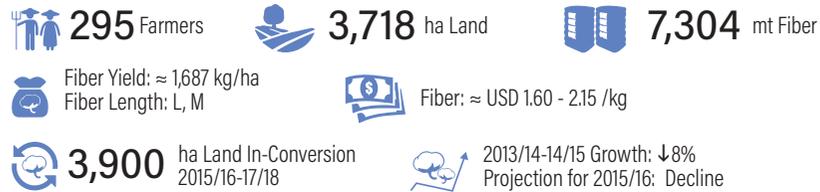
In 2015, C&A Foundation supported World Wide Fund for Nature (WWF) Pakistan to establish a pilot for organic cotton cultivation in the country. Through the pilot, which is located in the Lasbella district of Balochistan, 500 farmers were trained in organic cotton cultivation practices. Farmers also received support to certify their first year conversion from conventional to organic.

Thanks to the success of the pilot, the initiative is being expanded in Balochistan over the next three years. The aim of the expansion is to convert 6,000 cotton farmers to organic cultivation, expanding organic cotton production in the region.

The pilot has allowed WWF Pakistan both to work directly with farmers and to bring together industry stakeholders, such as brands, spinning mills, and government representatives, to strengthen and enhance Pakistan's organic cotton supply chain. Within its first year, this initiative has already achieved a key milestone with the establishment of a partnership between WWF Pakistan and the Agriculture Extension Department (AED) of Balochistan. AED will provide assistance in the program's field-level activities and embed organic cultivation practices in its production plans, thereby scaling up organic cotton throughout the province.

TURKEY

Egedeniz, Turkey



In recent years, particularly in 2014/15, political and socioeconomic volatility in the region has severely affected all daily activities in Turkey, including agricultural production. Despite this, the size and strength of the Turkish economy, in addition to its deep-rooted and dynamic textile industry, continue to drive cotton production. Coupled with the Ministry of Food, Agriculture and Livestock's firm stance against GMO-based agriculture, organic cotton production maintains and looks set to continue its importance in Turkey.

However, the upward growth trend in organic cotton production that began last year and was expected to continue has not been realized. In 2014/15, total land area planted with organic cotton dropped 10 percent, and total production dropped eight percent.

This is due, in part, to the political instability described above, but another key factor is price, which is being driven down by competition from organic cotton imports. These are generally cheaper than domestic organic cotton. It is estimated that approximately 5,000 mt of organic cotton were imported in the 2014/15 season with the majority coming from Kyrgyzstan.

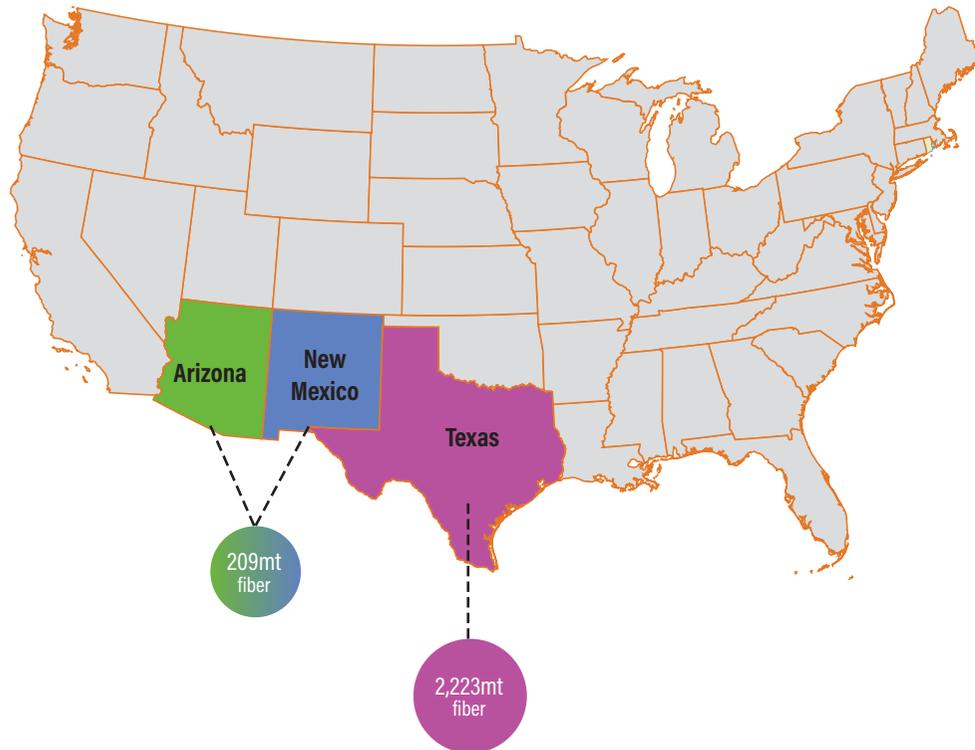
Another important trend in organic cotton production in Turkey, which started last year and continues this year, is the shift in production from the more politically unsettled Southeast Anatolia to the Aegean region. The Aegean region saw a 25 percent increase in its production of seed cotton in 2014/15, despite national production declining eight percent.

This has increased the share of Aegean organic cotton to 45 percent of the national total, bringing with it an overall increase in quality. This trend is expected to remain while the project owner companies continue to provide technical and price premium support to organic cotton producers in the region.

In recent years, there has been a relatively high turnover (inflow/outflow) of organic cotton producers, which is largely a result of fluctuating prices both globally and domestically. Conventional cotton prices used to average \$1.53-\$2.21 USD/kg, but in 2014/15, the average price was \$1.48-\$1.59 USD/kg. Organic cotton prices closely follow this trend, though, with a 15 percent organic premium added. Naturally, this price decrease mirrors, to some extent, the trend in exchange rates, which fell from 2.3269 TRY/USD at the end of 2014 to 2.9181 TRY/USD at the end of 2015. It is expected that the cost of labor and other inputs may cause a continued decrease in the land area planted with cotton, both organic and conventional, in the coming years.

UNITED STATES

TOCMC, USA



Despite Texas experiencing its fourth year of drought, late May and early June rains led to a 12 percent increase in production for the Texas Organic Cotton Marketing Cooperative (TOCMC), which accounts for 91 percent of the USA's total organic cotton production. TOCMC expects to see an even larger increase in 2015/16 as an additional 415 ha of in-conversion cotton reaches certification. However, production in the USA's other organic cotton producing states declined by 51 percent meaning that, overall, the USA saw only a marginal one percent increase in its total organic cotton production. No production was reported from Arizona in 2014/15, meaning that New Mexico was the only additional state producing organic cotton.

“ Finally coming out of the drought of the last several years has allowed our farmers to get back to more normal yields. This, combined with the acreage increase we have experienced in recent years, has significantly increased our total production. Therefore, our supply now exceeds demand for organic cotton at a price required for U.S. farmers to take the risks out of organic cotton production.

- Kelly Pepper, Texas Organic Cotton Market Cooperative





Researchers in Texas Work to Develop Non-GMO Cultivars With Distinctive Leaf Shape

Jane Dever and her team at Texas A&M AgriLife Research in Lubbock, Texas, in cooperation with Steve Hague (Texas A&M cotton breeder in College Station) and Seth Byrd (Texas A&M AgriLife Extension cotton agronomist), are working to develop cultivars with a simply-inherited, co-dominant leaf shape distinct from commercial GMO cotton cultivars for organic production.

Commercial availability of planting seed suitable for organic cotton production is limited because major cotton seed companies do not sell non-GMO cultivars in the U.S., and current conventional, non-GMO cultivars were not developed for, and are not well adapted to, organic production. Organic cotton farmers save planting seeds of obsolete cultivars, no longer available for sale without GMO traits, under the Plant Variety Protection Act (PVPA) farmer exemption. However, seed is not available for farmers seeking to transition to organic production under this exemption.

One constraint to saved seed, or certified organic seed, for US organic cotton production is unintended, adventitious presence of GMO traits. Breeding lines developed at Texas A&M AgriLife Research with stakeholder-defined objectives host plant resistance to thrips, disease resistance, low leaf pubescence, efficient plant architecture, drought tolerance, and enhanced fiber quality are included in a complex crossing scheme with okra-leaf shape sources. Studies will be conducted to investigate impact of leaf shape on other organic production considerations, such as leaf trash, canopy cover, and water/nitrogen use efficiency. The distinct leaf shape, visible prior to flowering, can be used to manage impact of outcrossing and mechanical contamination in seed and fiber production fields. GMO avoidance and mitigation training using the okra-leaf marker will be provided. Project objectives address legislatively-defined goals for the USDA-NIFA Organic Research and Extension Initiative, developing new and improved seed varieties particularly suited for organic agriculture.

TOCMC, USA



Cottonforlife, Egypt

STANDARDS & CERTIFICATION

Centralized Database - Improving The Traceability of Organic Cotton

One of the key principles of collective action for sustainability is that everyone works from the same data and that there is agreement on what to measure to ensure continuous improvement.

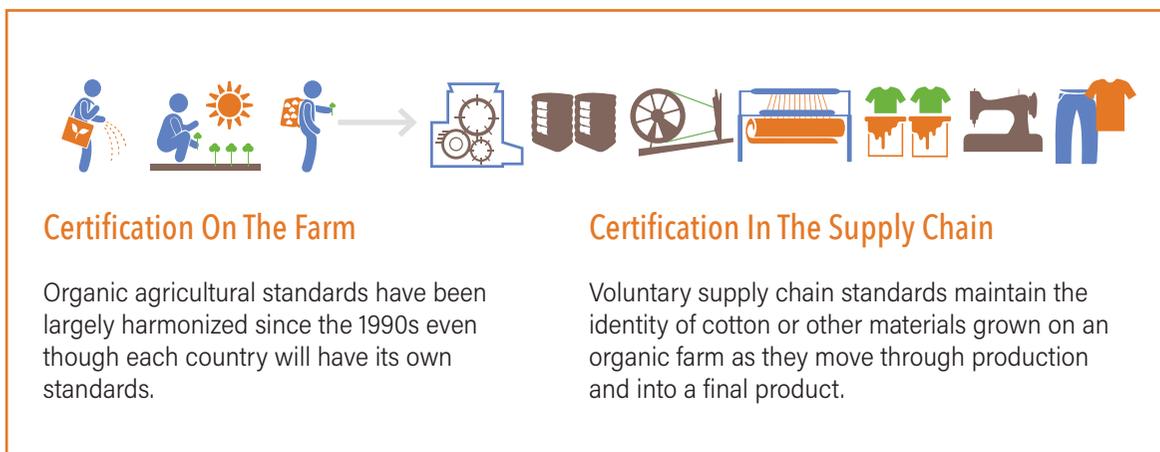
TE and GOTS, along with other industry stakeholders like the Organic Cotton Accelerator (OCA), key certification bodies and other NGOs, are collaborating on a project to support this principle. The result will be the creation of a Centralized Database System (CDS) that collects and manages data on certified sites and products in accordance with their respective standards.

This collaboration is unique in that, when it is up and running, the CDS will be governed by a separate organization that will encourage other voluntary sustainability standards to join and make use of the system, regardless of their industry focus. Apart from just certification data, the chain of custody created by TE and GOTS will be used to carry non-certified data from the raw material source to help measure the impacts of a product and its supply chain (e.g. water usage at the farm, differentials paid to farmers, country of origin).

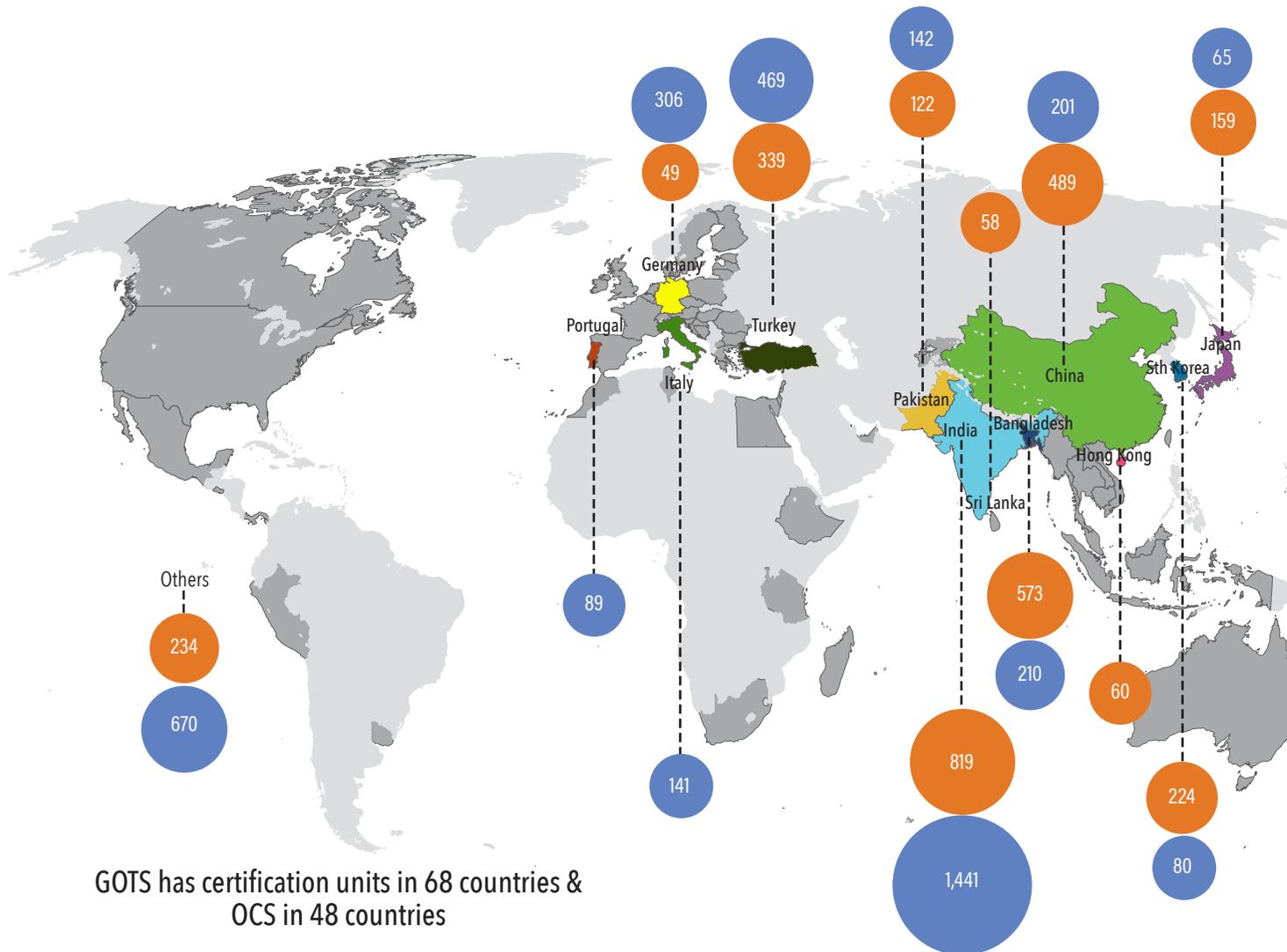
Development of the CDS will continue through 2017.

“ One of the great challenges every Standards organization faces is how to transform increasingly large volumes of data into useful information that can drive adoption, credibility and transparency. Moving beyond Excel into the more sophisticated world of collaborative databases and analytical software tools is increasingly seen as the best way to meet this challenge. For those who manage to do this successfully it can be a game-changer.

- Andrew Singleton, Director of Chieveley Media & Technology Ltd (Sustainability IT Consultants), adviser to the project

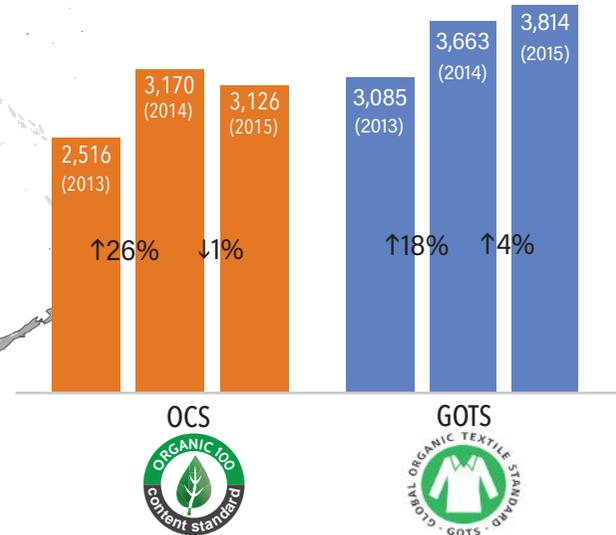


OCS & GOTS TOP 10 COUNTRIES



Growth Rate of Top 10 Countries

OCS		GOTS	
1	India : ↓6%	India	: ↑5%
2	Bangladesh : ↑2%	Turkey	: ↑6%
3	China : ↑2%	Germany	: ↑4%
4	Turkey : ↑8%	Bangladesh	: ↑11%
5	South Korea : ↑2%	China	: ↓7%
6	Japan : ↑2%	Pakistan	: ↑11%
7	Pakistan : ↓17%	Italy	: ↑12%
8	Hong Kong : ↓31%	Portugal	: ↑9%
9	Sri Lanka : ↓19%	South Korea	: ↓29%
10	Germany : ↑11%	Japan	: ↓12%



GOTS has certification units in 68 countries & OCS in 48 countries

STANDARDS UPDATE

Organic cotton is grown within a rotation system that builds soil fertility, protects biodiversity, and is grown without the use of any synthetic chemicals or GMOs.

Organic cotton is subject to the national laws governing organic production including the EEC Organic Regulation 834/2007 in Europe, USDA National Organic Program (NOP) in the United States, and the National Programme for Organic Production (NPOP) in India.

Voluntary standards, the Global Organic Textile Standard (GOTS) and the Organic Content Standard (OCS), provide chain of custody assurance from the farm to the final product. Note: GOTS also addresses textile processing.

Global Organic Textile (GOTS) Standard



Revision Process Begins In Preparation For GOTS 5.0

During 2016, the current GOTS version 4.0 will undergo a revision process, with the revised standard - GOTS Version 5.0 - due for release in March 2017. As in previous revisions, the process will be transparent and multi-stakeholder, with the aim being to set strict and binding requirements for ecological and social parameters while acknowledging the need for practicability in the industrial production of a wide range of products. Stakeholders with expertise in the field of organic production, textile processing, textile chemistry and social criteria are invited to contribute to the revision procedure, along with representatives from industry, NGOs and consumer groups.

The revision process is currently undergoing its first of two rounds of stakeholder review, which will be followed by a final review by the Advisory Council in early 2017 before the release of GOTS Version 5.0 in March 2017.

[→ [Certification and Labeling of Organic Products in China](#)]

Textile Exchange Standards

Organic Content Standard And Content Claim Standard

After a multi-stakeholder review in 2015, the Content Claim Standard (CCS) 2.0 and Organic Content Standard (OCS) 2.0 were released in January 2016. The CCS is used as the chain of custody requirements for all Textile Exchange (TE) standards and, therefore, changes in CCS 2.0 affect all of our standards.



Key Changes in the CCS:

- Exemptions for Post-Production Certification: these changes relieve the burden of certification on brands that have strong control systems in place for their labeled goods.
- Contract warehouses only performing logistics functions are no longer subject to On-Site Audits.

Key Changes in the OCS:

- Recognition of IFOAM Family of Standards.
- Cotton gins and any other post-harvest processing must be certified to the OCS or GOTS
- Inclusion of guidance on GMO testing.
- Labeling language and logo requirements have been moved to the new OCS Logo Use and Claims Guide.

Find the updated documents and support tools online: ContentClaim.org, OrganicContent.org

China's Growing Interest In Certified Organic Products Leads To Talks Of Collaboration

The current Chinese organic standard poses a significant challenge to brands wanting to sell organic textile products on the Chinese market due to differences in the national standard's requirements compared to the GOTS. In particular, the Chinese organic standard requires certified organic products to contain 95 percent organic cotton fiber, compared to the 70 percent required by GOTS. Additionally, the Chinese standard allows only plant or mineral based dyes, which must meet the ecological requirements outlined in the Chinese standard (GB/T 18885), while GOTS allows the use of some chemical dyes. As a result, when brands are determining their product lines for the Chinese market, they need to carefully consider both the organic fiber content of their products and their dyeing and processing supply chain partners, posing challenges to brands striving for particular functional properties.

However, as a result of the rising consumer demand for organic textiles in China, there has been growing stakeholder consultation between GOTS and the China National Textile and Apparel Council (CNTAC). An MOU was signed in 2013 to build stakeholder dialogue around sustainability and supply chain issues, with the aim of increasing the market adoption and accessibility of organic textiles in China.

In 2014, the China Textile Information Centre (CTIC) and GOTS commissioned research into the feasibility of GOTS in China, studying and analyzing the communication, dialogue and adaptation between the international organic textile standard and China's organic textile regulatory system. The research report was finalized in July 2015.

Conversations continue between GOTS, the CTIC, and other stakeholders.

[→ [Market Review: China](#)]

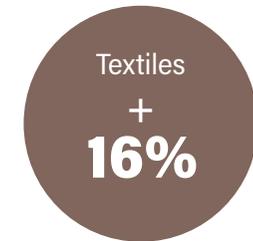
Soil Association



Growth In The UK

In 2015 Soil Association Certification licensees saw sales grow by 16 percent and, alongside clothing, there is rapid growth in organic for personal care products as consumers become more aware of the implications of pesticides in the body. Sales of organic baby clothes have grown significantly.

According to the Soil Association, the organic market in the UK has seen its third year of sustained growth and continues to grow. The strong interest in organic is partly driven by an increase in young and socially conscious 'millennials' with strong social, ethical and environmental values.



“ Consumers are increasingly choosing organic because they want to know the origins of their food and are willing to pay more for products with quality assurance standards supporting the environment, society and animal welfare. For the same reasons, demand for organic cotton is increasing across the board.

- Peter Melchett, Policy Director, Soil Association



COLLECTIVE ACTION

Fairtrade International

Building A Shared Vision

The goal of sustainability needs to be shared, even if there are different ways to reach that goal.

Standards owners and non-profits working in cotton are bringing the work they do individually into a number of new stakeholder forums and platforms. These include [Cotton 2040](#), a platform launched by Forum for the Future in 2015, the [Cotton ARC](#) program's Threading Natural Capital into Cotton, coordinated by the Cambridge Institute for Sustainability Leadership (CISL), and PAN UK, Solidaridad and WWF's [Cotton Ranking Report](#).

Cotton Initiatives Working Towards A Common Goal

Over the past 5-10 years, there has been expansion in the preferred cottons landscape with BCI, CmiA and other programs such as Cleaner Cotton, CottonConnect's REEL, and Bayer's e3 joining organic cotton and Fair Trade cotton in the preferred cotton space. See Preferred Fiber Market Report (PFMR) for more detail.

Each initiative brings momentum to the movement and it is important to acknowledge the role of each in helping cotton stakeholders, from farmer to customer, contribute to a continuum of improvement.

Alongside a shared sector vision, we think it's important to challenge and inspire the industry to keep advancing. This is where the race-to-the-top comes into play and where the sustainability journey takes us from one level to the next. We invite others to join us in understanding what this looks like for cotton.

To be part of the solution, it is crucial for brands and retailers to develop and implement a comprehensive cotton strategy, wherever they might be starting. If you would like support in creating your own cotton strategy please contact Textile Exchange. TE, in collaboration with other key stakeholders, has recently developed a Cotton Strategy Overview presentation that provides a high level introduction to the various initiatives and the reasons why developing a cotton strategy is so important (TE Members can access the slide deck).

In 2014/15, aggregated preferred cotton production accounted for more than eight percent of all cotton

production globally, the majority of which is made up of BCI. Though this is still a small percentage, relative to the conventional cotton sector, the more sustainable cotton sector is advancing yearly.

Universally, the cotton standards and initiatives would like to see more uptake from the market and stronger commitment to responsible trading terms and conditions from brands and retailers. With a shared vision, a strategic approach to building a cotton portfolio and a pathway for continuous improvement, there is an exciting future ahead for cotton.



2014/15

Preferred Cotton	2.2m mt (8.6%) ⁷
Conventional Cotton	23.9m mt (91.4%)

2013/14

Preferred Cotton	1.1m mt (4.4%)
Conventional Cotton	25.1m mt (95.6%)

2012/13

Preferred Cotton	1m mt (3.7%)
Conventional Cotton	25.9m mt (96.3%)

2011/12

Preferred Cotton	0.5m mt (2.0%)
Conventional Cotton	27.2m mt (98.0%)

Objective	To transform the market by making Better Cotton a responsible mainstream commodity.	Cleaning Up Cotton In California	Sustainable African Cotton for a global Textile Industry.	To create a more sustainable American landscape	Ensuring income security and community development	Sustaining the health of soils, ecosystems and people	To create more sustainable, traceable cotton.
Investment Model	Membership fee Donor funding Growth & Innovation Fund	Price differential to producers	Volume based license fee Donor funding Extension delivery partner	Contract growing	Fixed minimum price and social premium	Prices agreed between grower and buyer or traded in the market often with a price differential	Capacity building projects and value chain services covered by brand
Verification / Certification (farm level)	Self-assessment Credibility checks 3rd party verification (through sample selection)	2nd party monitoring	3rd party program verification	Self-evaluation and 3rd party audits	Verification (annual) Certification by 3rd party	Verification (annual) Certification by 3rd party	Verification by CottonConnect 3rd party (at additional cost)
Chain of Custody	Mass-balance from merchant onward Physical traceability at farm and gin	Bale identification system	Mass balance Identity Preserved (option)	Identity preserved to the mill for further content claims use	Identity preserved Mass Balance (new option)	Identity preserved Certification of Supply Chain (GOTS, OCS)	Bale preserved - procurement links to supply chain provided if required.
GMOs excluded	No	Yes	Yes	No	Yes	Yes	No
Land (ha)	2,584,500	324	973,533	101,171	45,031	356,424 (cotton/other crops)	46,644
Fiber (mt)	1,969,700	600	341,536	113,398	15,021	112,488	53,917
Growth (fiber)	↑163%	↑0.2%	↑125%	↑1.5%	↓4%	↓3.8%	↑26%

7. 2014/15 Preferred Cotton includes REEL Cotton.

8. The Textile Exchange Organic Cotton Round Table (OCRT) serves as the industry expert and platform for stakeholders in organic cotton. TE works collaboratively with others in this space.

More Than 70 Percent Of Fairtrade Certified Cotton Farmers Grow Organic Cotton

Fairtrade helps put farmers and workers in control of their own futures, empowering them to lead their own development projects and create effective, long-term farming businesses. Strong environmental standards protect the farmers' health and safety and conserve nature

For cotton farmers Fairtrade has always meant unique benefits:

- The Fairtrade Minimum Price acts as a vital safety net and gives them the stability that is needed to plan for the future.
- The Fairtrade Premium, an extra sum above the raw purchase price, gives farmers' organizations money to invest as they see fit, whether to improve quality and productivity, or invest in social projects to benefit their communities.
- By organizing into democratic organizations, such as cooperatives, Fairtrade farmers work together to negotiate better terms and improve their productivity and quality.
- Environmental requirements outlined in the Fairtrade Standards manage pesticide usage. In addition, a higher Minimum Price for organic cotton encourages investment in making the switch.

As a result, a large percentage of Fairtrade cotton is also organic certified. In 2015, 73 percent of Fairtrade seed cotton producers also held organic certification – marking an increase of eight percent from the previous year. Fairtrade encourages and enables cotton farmers to continue to protect the natural environment as an integral part of their farm management.

Brands working with Fairtrade can build valuable relationships with the cotton farmers they source from, building a secure future for their sourcing needs and the farmers' livelihoods.





Integrity Requires An Alignment Of Accountability, Competence And Ethics Without Corruption.

Textile Exchange has, for many years, been an advocate for strong standards, transparency and cooperation within the organic cotton sector to ensure sustainability and trust within the supply chain. This is a work in progress; integrity is a vital foundation to ensure that social and environmental benefits are actually achieved. Continual and focused investment is needed to build on the implementation and enforcement of standards to a deeper culture that ensures transparency and equitable sharing of risk and reward throughout the sector.

Integrity Is Everybody's Business

TE has come to understand that integrity is an issue in a number of industries and nations. Drawing on the experience and expertise of NGOs that focus on integrity, TE is moving to a holistic, multi-pronged approach (see Figure 1 on next page) to improve the quality of compliance and integrity within the supply chain. While this is not new, this year TE has renewed the focus on integrity by designing and implementing reactive and proactive strategies that will help the sector move from a focus on legal compliance to building full integrity.

Over the past 12 months, TE, with the support of the C&A Foundation and BSD Consulting, has invested significantly in its internal processes, systems, and team capacity to improve quality and coverage of information. As a result, TE staff have been able to meet and talk to more people and travel to more places than ever before. More comprehensive data and intelligence has been collected, as well as deeper investigations performed within the organic cotton sector.

These deeper investigations have highlighted some of the challenges, particularly with regard to GMO contamination and a lack of transparency and accountability to back up product claims. But these issues are not new or unique to the organic sector. Research shows that these are systemic problems – symptoms of a malfunctioning market that does not share risk and reward evenly. More can be done to build equality by broadening the accounting framework to include a triple bottom line, putting people and the environment at the center of the economic system and not focusing purely on one-dimensional, and often unfairly distributed, monetary profit.

Triple bottom line reporting requires greater disclosure on social and environmental points than is currently produced. Transparency takes effort but it's the only way to highlight success and bring the problems that need solving to the surface. TE fully believes that integrity and compliance issues are symptomatic of deeper-rooted problems facing not only this sector, or even the textile industry, but also societies bound up in conventional economics. Pursuing proactive integrity offers the greatest opportunity for the advancement of equitable and sustainable development within the organic cotton trade.

On a positive and more pragmatic note, TE is able to confirm that the sector is stepping up. From many discussions over the past year, it's clear that the belief in the benefits of organic is unwavering. Interventions to address and improve integrity are being put in place, solutions are being found and, as a result, the organic cotton sector is starting to see sustainable results.

Going Forward - Investing In Proactive Integrity

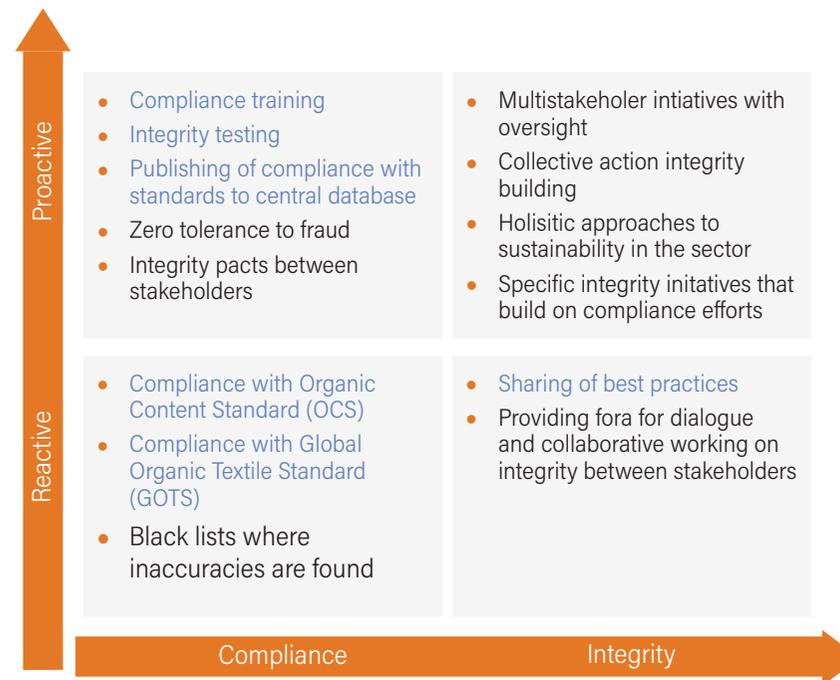
Heading into 2016, TE will be guided in this work by Joy Saunders, CEO of specialist NGO Integrity Action until recently. A cross-platform TE team from Fiber & Materials, Integrity & Standards and external specialists will be designing a framework that implements initiatives within each of the four quadrants of opposite figure and will ultimately improve transparency, accountability, and integrity throughout the sector.

These initiatives will work at various levels of intervention, including:

- 1** Policy Level: Setting new guidelines for defining best practice in transparency and accountability and integrating a pro-active integrity approach within the organic cotton industry.
- 2** Expert and Practitioner level: Educating integrity champions and business professionals within the supply chain and encouraging dialogue between stakeholders who can lead with integrity.
- 3** Community level: Enabling bottom-up feedback to identify, monitor, and improve the integrity at the farm level and in the supply chain.

“ What’s exciting to see is that the organic cotton community is rising to the challenges – going forward, it can be an example to others both in dealing with the challenges of addressing equitable economic sustainability and also in the way resilience is built through market transformation.

-Joy Saunders, Integrity Expert



The figure on the left shows some of the integrity building initiatives that are in place (blue text) or being worked on (black text).

All stakeholders are invited to join TE in this vital integrity investment to guarantee the sustainability and quality of organic cotton for the future.

Written in collaboration with Integrity Expert Joy Saunders. Integrity is the “Cross cutting” theme of the Organic Cotton Round Table’s three key task forces. Hear more on this topic from Joy at the Organic Cotton Round Table in Hamburg on October 6, 2016.

ORGANIC COTTON ACCELERATOR

Organic Cotton Accelerator



LET'S GROW THE FUTURE TOGETHER

Encouraging trends are described throughout this report that hold a promise for the future of organic cotton. More and more brands are publicly committing to organic cotton. However, this report also demonstrates a clear need for interventions to deliver on the promise. The business case for the organic farmer is weak, especially in India where most organic cotton grows. Risk and reward are not shared evenly in the supply chain causing farmers to pull away from organic cotton while at the same time compromising the integrity of organic cotton supply.

Many value chain players recognize that there is a need for coordinated action to tackle the challenges within the current system. The Organic Cotton Accelerator (OCA) focuses on just that. OCA is a multi-stakeholder initiative which recognizes two key issues that need to be addressed. First, the lack of transparency and limited means for traceability in the organic cotton supply chain lead to decreased product integrity. Secondly, farmers have no incentive to switch to organic production due to, for example, limited technical knowledge, lack of access to quality organic seeds and limited access to finance.

No brand alone can address current issues in the value chain and OCA is convening committed brands to work on three interventions together:

1. Build a business case for farmers and the rest of the supply chain
2. Ensure credible organic cotton certification and integrity
3. Enhance sector governance

Organic cotton is considered by many to be the sector's "gold standard" for sustainable production especially on account of its positive environmental impact. To maintain this reputation these interventions need to be implemented urgently. In 2016 OCA entered a two-year prototyping phase in which it will:

- Build a strong platform to convene the sector around a shared strategy and goals
- Increase integrity and efficiency by promoting and facilitating supply chain integration
- Increase transparency and integrity by introducing a traceability system
- Strengthen the business case of the farmer by providing access to quality organic seeds

At present OCA is reaching out to other stakeholders to join the initiative and implement these interventions together to create a global prosperous organic sector that benefits everyone – from farmer to consumer.

[→ [Addressing The Challenges](#)]

[→ [Organic Cotton Round Table](#)]

CHEटना COALITION

Chetna Organic, India

Working Together To Strengthen The Supply Chain

The Chetna Coalition (ChetCo) was founded during Textile Exchange's 2013 Organic Cotton Round Table in Istanbul, Turkey at a rooftop meeting coordinated by Chetna Organic, Loomstate and Pi Foundation involving five textile and clothing brands and three production facilities. Our goal? To collaborate pre-competitively to grow a sustainable market for 80 percent of Chetna's annual organic and organic fair trade (OFT) cotton production.

Who We Are

Today, we have grown into a multi-stakeholder sourcing alliance involving: fifteen small and medium-sized clothing and textile brand members, representing seven countries across North America, Asia, and the EU; five facility members (including four garment manufacturers—one fully vertical, one partially vertical—and one spinning facility); two affiliate spinning facilities and two affiliate cotton gins.

What We Do

Align and grow the value-chain web, form commitments for long-term sourcing, and work together on shared-value investment for the quality, traceability, transparency, and sustainability of our cotton fiber and farming communities. We hope to create and replicate a best practice model for organic and OFT cotton fiber sourcing.

Does It Work?

Yes. ChetCo membership has doubled and fiber uptake has increased by 320 percent. Chetna's organic and OFT cotton sales rate has grown from 17 percent of total production for 2013/14's pre-ChetCo harvest season to more than 49 percent of total production for the 2015/16 harvest season—with almost 100 percent uptake against commitments made.

Valuing Impact

In partnership with TruCost and GIST, with staff time and guidance from Chetna and funding support from C&A Foundation, Pi Foundation gathered, analyzed, and evaluated in-depth social, environmental, and financial baseline data from two member villages within Chetna. A three-dimensional profit and loss report (3DP&L) translating KPIs into dollars helps ChetCo members to better understand and value the potential impact of collective actions.

What's Next For 2016/17?

Brands and associated facilities have already committed to 100 percent uptake of OFT cotton produced by Chetna during the current season (2016/17) and are working towards ensuring timely pre-finance to Chetna for full procurement from the member farmers. Procurement capital in the form of pre-finance, collateral guarantees, and working capital loans are expected to be in place by the end of August in advance of the harvesting season starting in October.

Highlights: Member brands are investing in innovative community development funds and programs. Growing demand has influenced Chetna's investment in farm data management and a transparency platform called SourceTrace.

Special thanks to Chetna staff, Coalition members, Loomstate's generous coordination and support from TE, Solidaridad, Pi Foundation, Fairtrade, and C&A Foundation.

[→ [Organic Cotton Round Table](#)]



Be Inspired – Be Equipped – Be An Agent for Change!

The [Organic Cotton Round Table](#) (OCRT) is a global stakeholder platform that supports and brings together the organic cotton community to be inspired, mobilized, and equipped to act. A one-day in-person meeting is held annually, this year in [Hamburg, Germany, on October 6, 2016](#), following TE's Textile Sustainability Conference. Anyone with an interest in organic cotton is invited and encouraged to join us!

The OCRT has on-going Task Forces for Business Models, Seed & Soils, and Consumer Engagement, which focus on the key challenges to sector stability and sustainable growth. Under these Task Forces, the OCRT has already identified the need for a number of initiatives and has either catalyzed, or been an incubator for, their development. Such initiatives include the Organic Cotton Accelerator, Chetna Coalition, a dedicated microsite for organic cotton ([aboutorganiccotton.org](#)), and an inventory of non-GMO seed availability.

- [→ [Sowing The Seeds For Change](#)]
- [→ [Organic Cotton Accelerator](#)]
- [→ [Chetna Coalition](#)]

The Innovation Lab - Celebrating New Ideas in Organic Cotton

Do you have a new idea that could revolutionize the textile industry? Transform lives for farmers? Bring new understanding to consumers? Then the Organic Cotton Round Table's new Innovation Lab is looking for you!

The [Innovation Lab](#) is a celebration of new ideas in organic cotton. It aims to seek out groups or individuals with innovative solutions to break through barriers to growth and address issues in the organic cotton supply chain.

The Award: At the OCRT in Hamburg on October 6, 2016, shortlisted innovators from around the world will have three minutes to pitch their idea (either in-person or via video link) to a panel of distinguished judges in a bid to win the 2016 Innovation Award – a handsome trophy, priceless publicity, and a cash prize. Contact Innovation@TextileExchange.org for more information and for details on how to apply.

Special Event – The 2016 Seed Summit: Building a Resilient Future for Organic Cotton

TE and FiBL (the Swiss Research Institute of Organic Agriculture), with support from the Mercator Foundation Switzerland, will be hosting a specialist seed workshop in Hamburg on October 7, 2016, (the day following the OCRT) with a focus on building a resilient future for organic cotton. The workshop is a continuation of the work of the OCRT's Seed Task Force and is open to anyone with an interest in the future of seed in a time of climate change and concerns for biodiversity.

The workshop will bring together key stakeholders from across the globe to discuss the opportunities and challenges facing the supply of organic cotton. Success stories will be shared from organic seed and breeding projects, and discussions will focus on identifying the key success factors for achieving viable organic cotton farming, as well as ways to improve integrity in the organic cotton supply chain.



Seed & Soils Task Force

Hot Topics for Hamburg

- Co-existence of organic and GMO cotton
- Regional strategies to avoid contamination, encourage best practice, and build resilience
- Approaches to GMO testing – what, where, and how?

“ Now is the right time for strengthening our multi-pronged approach - we need to rapidly accelerate dedicated participatory breeding and selection initiatives for organic/non-GMO and indigenous cotton seed improvements and supply chains to ensure that high quality regionally adapted seeds are fully accessible to our farmers. While at the same time, we need to continue to raise the bar on our due diligence to ensure we are doing our best to avoid GMO contamination. However, we also need to raise the visibility and level of dialogue on our continued calls for greater shared responsibility by the GMO technology-owners. No real coexistence is possible without this.

- Michael Sligh, Program Director, Rural Advancement Foundation International. RAFI-USA



Business Models Task Force

Hot Topics for Hamburg

- Costing models - Ensuring price differentials reach the farmer.
- Organic+ - Do we need a program to drive continuous improvement in sustainability (environmental, social and economic) beyond the requirements of the regulations?
- The missing link - the role of the ethical trader.

“ For conventional cotton and cotton grown under the BCI and CmiA initiatives (with their parallels to conventional cotton in terms of price), traders have the opportunity to build up larger long and short-term positions, while having the tools to reduce the risks in case the international cotton prices rise or fall sharply. Organic cotton prices do not necessarily move along with conventional prices. So, as retailers build demand for organic cotton and volumes increase, it becomes an easier business proposition. Reinhart has the experience handling specialties such as organic cotton, and we're willing to support the sector as it grows. The Organic Cotton Round Table in Hamburg features a session on the role of an ethical trader, such as ourselves, and how traders can unlock doors to transparent and sustainable growth.

- Marco Baenninger, Head Trader, Reinhart



Consumer Engagement Task Force

Hot Topics for Hamburg

- The education tool box – Aboutorganiccotton.org (this year in 6 languages), Infographics
- Story telling networks - what next? Twitter parties, cause-related marketing
- Consumer willingness to pay – are we finally seeing a change?

“ Our industry must leverage the power of creating a movement through truly important cause-based awareness building. We must be adept in delivering messages that are crafted to touch the raw parts of our soul and offer up logical and understandable solutions. When we present the facts, ask simple questions, and allow people to form their own opinions, it engages a very real emotional response. Done right, this can be a means of eliciting a highly motivating call to action! Let's get it going!

- Isaac Nichelson, CEO/Founder, Sustainable. Source.Studios

WORKING IN PARTNERSHIP

Working In Partnership For Continuous Improvement

Over the years, Textile Exchange (TE) has positioned itself as a global leader in researching and reporting on the supply and demand for organic cotton and other preferred fibers and materials.

In order to improve and be more confident in the systems and practices for managing an increasing amount of data and information, TE has built a partnership with C&A Foundation and BSD Consulting.

The 3-year improvement program aims to strengthen and expand upon current data collection and analytical processes, products and services.

Our priority is to ensure the quality of TE's data management and reporting systems.

The objectives of the program are to:

- Review current methodologies and processes and provide recommendations for improvement.
- Ensure that TE's data collection and analytical processes, for both organic cotton production and consumption, are sound.
- Ensure the information disclosed in TE's public reporting is robust, accurate and trustworthy.

This year is the first of the three-year program.

“ BSD is very excited to partner with C&A Foundation and Textile Exchange on a 3-year project to improve data management systems and assurance. We believe Textile Exchange's work is fundamental to driving markets and building the field of organic cotton and we are proud to support Textile Exchange in furthering its mission of making the textile industry more sustainable.

- Felipe Arango, Managing Partner, BSD Consulting



METHODOLOGY

The following methodology was used to collect, analyze and crosscheck the data on the production and consumption of organic cotton fiber for this report.

Reporting Period

Farm and Fiber Production Data: The data being collected covers a 12 months cycle and is based on the ICAC harvest year of 1 August to 31st July. This year data for the 2014/2015 year was collected.

Consumption Data: The consumption data being collected covers a 12 months calendar year cycle, or is based on the company's regular annual reporting period if it differs. This year, data for the 2015 calendar (or the company's 12-month reporting period) was collected.

Reporting Boundaries

Farm and Fiber Production Data: The report covers data from all countries where TE knows that organic cotton is grown. A scan for new countries is regularly carried out through enquiry and via publicly available records.

Consumption Data: This report did not try to capture data from all market participants, but rather gathered data from retailers and brands with major preferred fiber programs which TE considers representative for the majority of the market.

Completeness / Accuracy

Farm and Fiber Production Data: TE tries to report the total amount of certified organic cotton produced worldwide. A systematic completeness check is planned for the next report.

Consumption Data: TE believes this data is a good proxy for retail and brand activity in the consumer market but it does not cover all market participants. Aggregated volumes are used as an indicator of market demand and market value.

Terms & Definitions

Organic Cotton: The report covers "certified organic cotton" as defined by the EU 834/2007, NOP, NPOP or any other standard of the IFOAM family of organic standards. It neither covers uncertified organic cotton nor does it make any statements on the integrity of the "certified organic cotton".

Data Collection

Farm and Fiber Production Data: Data was collected from a combination of sources including producers, ginners, mills and manufacturers, NGOs, government officials, certification bodies, and other industry stakeholders. The data is collected via telephone interview, site visit, or email by the TE ambassadors between February and June 2016.

Consumption Data: Retailers and brands participating provide the data through an annual online survey. The survey was conducted in April and May 2016.

Data Analysis

Farm and Fiber Production Data TE aggregates the data provided by the Producer Groups and compares them with other data sources such as Certification Bodies or Government records, and data from previous years. Different local units are converted into international, harmonized units. In the case of missing data or deviations of data, scenarios or average data are used (see Special Remarks - Supply Side)

Consumption Data: TE aggregates the data provided from brands and retailers and compares them with other data sources (see data check). If brands do not provide data on the actual amount of fiber used, TE converts the volumes of ready-made items produced back into fiber volumes (see Special Remarks - Demand Side).

Market Value: The market value of organic cotton was calculated based on the estimated value of the total volume of organic cotton consumed, including the value addition for fiber through to the final retail product.

Data Checks

Farm and Fiber Production Data: Collecting data from multiple sources allows TE to crosscheck the information. TE has also introduced a standardized process to crosscheck the data with industry experts and compare them with the data of previous years.

Consumption Data: TE crosschecks the consumption volumes reported by the retailers and brands with other data sources and also applies an expert check of the data. The data is also compared to previous years.

Special Remarks - Supply Side

Estimates have been made for data that is only partial.

Historical or Average Yields: Where data is only provided for land area but not the production volumes, historical yields known for the specific project or locality or annual national average yields (as agreed by the government and applied by certifying bodies) have been used to calculate the production volume.

Ginning Outturn: In a few cases where only seed cotton data is available, the lint production was estimated by using the average ginning outturn known for the country.

Estimation for Intercrops: In cases where only the total certified land was reported but not the land under certified cotton, the average rate of intercropping was applied (e.g. in India an estimated 33% for intercropping is applied).

Special Remarks - Demand Side

Waste Factors: If brands or retailers do not provide the data of fiber used but only the volumes of ready-made items, the data are converted back into fiber volumes. A product-type specific wastage-factor is used for this backwards conversion.

Private Label Products: TE only includes figures for private label products developed by the retailer, not for the total number of private label and branded products sold by the retailer.

Disclaimer

The TE Organic Cotton Market Report rankings are based on a company's self-reported consumption data for each fiber. While TE reviews all data entries, checks calculations, and carries out a consistency check, we do not verify the accuracy of the data. That responsibility remains with the participating company.

We are grateful to the C&A Foundation for their support of these improvements.

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Latin America: Silvio Moraes

Turkey: Atilla Ertem

DEFINITIONS & RESOURCES

Definitions

Organic Cotton

Organic cotton is grown within a rotation system that builds soil fertility, protects biodiversity, and is grown without the use of any synthetic chemicals or GMOs. Organic cotton is subject to regular organic farm certification. The national laws governing organic production include the EEC Organic Regulation 834/2007 in Europe, USDA National Organic Program (NOP) in the United States, and the National Programme for Organic Production (NPOP) in India.

What is a Preferred Fiber?

The term **Preferred Fiber** describes a choice made in selecting better ecologically and socially progressive options through the consideration of impacts and organizational priorities.

Fairtrade or Fair Trade?

The term **Fair Trade** defines a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in developing countries.

Fairtrade refers to all or any part of the activities of FLO eV, FLO-CERT, Fairtrade producer networks, national Fairtrade organizations and Fairtrade marketing organizations. Fairtrade is used to denote the product certification system operated by Fairtrade International (FLO).

The **Fair Trade** movement is the combined efforts of Fair Trade organizations, campaigners and businesses to promote and activate the Fair Trade principles of empowering producers, making trade more fair, and sustainable livelihoods.

Metrics

This report uses the metric system for measurements and units have been abbreviated as follows:

Different local units are converted into international, harmonized units.

ha = hectare (1 hectare is equal to 2.47 acres)

kg = kilogram (1 kg is equal to 2.20 lbs)

mt = metric ton (1,000 kg)

m = million (1 m = 1,000,000)

b = billion (1 b = 100,000,000)

Currency

In this report, all prices have been converted to **USD** for consistency.

Fiber Lengths

S = Short

M = Medium

L = Long

ELS = Extra Long Staple

Resources

TE Resources

- [NEW: Preferred Fiber Market Report 2016](#)
- [Organic Cotton Market Report 2015](#)
- [Preferred Fiber Market Report 2015](#)
- [Organic Cotton Round Table](#)
- [Life Cycle Assessment of Organic Cotton Fiber](#)
- [Sustainability Assessment Tool \(OC-SAT\)](#)
- [Integrity & Standards](#)
- [Microsite - Aboutorganiccotton.org](#)
- [Learning Modules \(members only\)](#)

Standards & Certification

- [CmiA-Organic](#)
- [Fair Trade-Organic](#)
- [Global Organic Textile Standard \(GOTS\)](#)
- [Organic Content Standard \(OCS\)](#)

Foundations

- [bioRe Foundation](#)
- [C&A Foundation](#)
- [GSRD Foundation \(G-Star Raw\)](#)
- [H&M Foundation](#)

Stakeholder Initiatives

- [Cotton 2040 \(Forum for the Future\)](#)
- [Global Organic Cotton Community Platform](#)
- [Organic Cotton Accelerator \(OCA\)](#)

Trade Associations

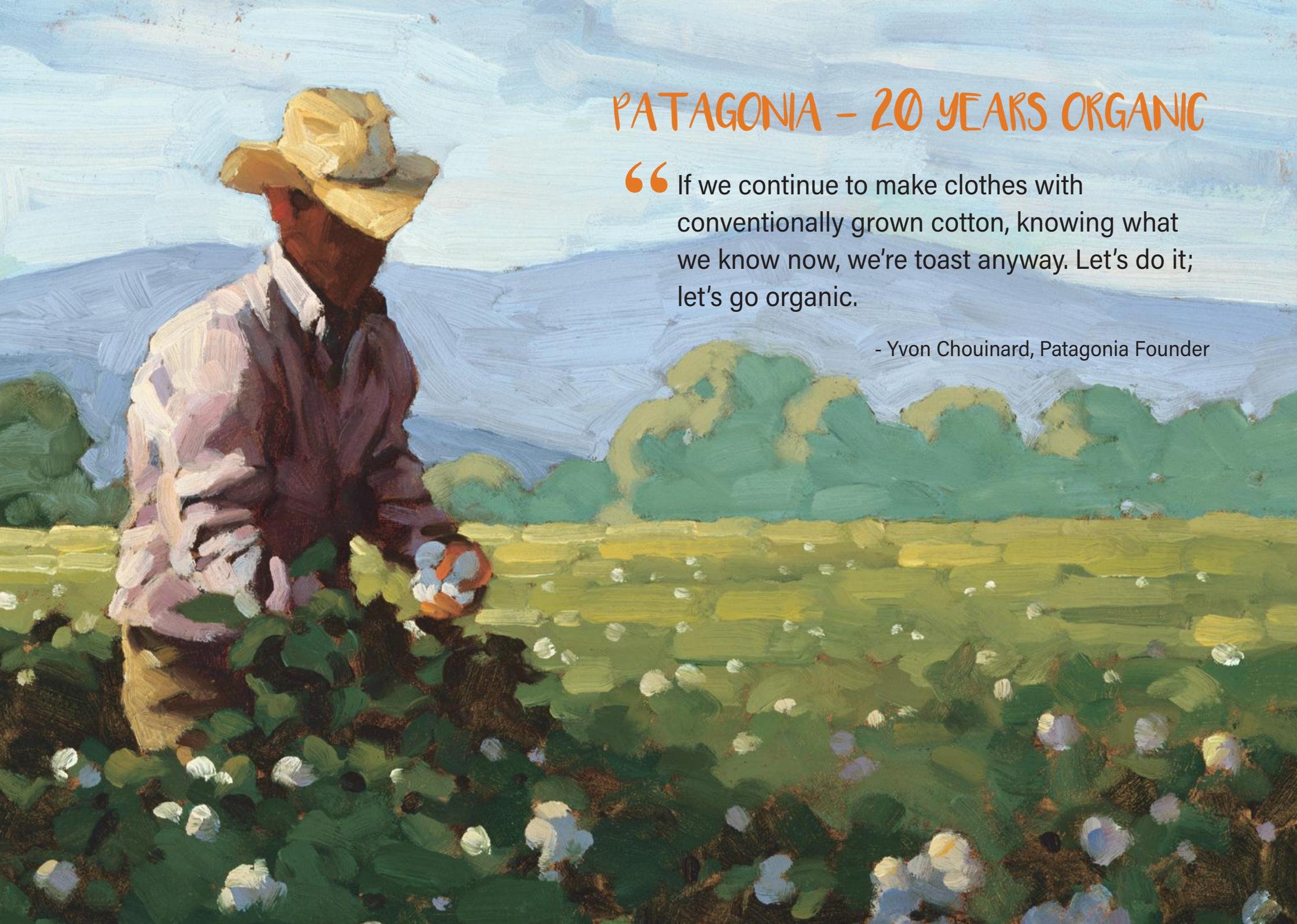
- [Organic Consumers Association \(OCA\)](#)
- [Organic Fiber Council \(OFC\)](#)
- [Organic Trade Association \(OTA\)](#)

NGOs

- [HELVETAS Swiss Intercooperation](#)
- [IFOAM - Organics International](#)
- [PAN UK](#)
- [RARE](#)
- [Soil Association](#)
- [Solidaridad](#)
- [Textile Exchange](#)
- [WWF](#)

Business Support & Consultancy

- [CottonConnect](#)
- [Helvetas Organic & Fair Competency Centre](#)



PATAGONIA - 20 YEARS ORGANIC

“ If we continue to make clothes with conventionally grown cotton, knowing what we know now, we're toast anyway. Let's do it; let's go organic.

- Yvon Chouinard, Patagonia Founder



We envision a global textile industry that protects and restores the environment and enhances lives.

www.TextileExchange.org ▪ www.aboutorganiccotton.org

Acknowledgments

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All fashion shots are featuring organic cotton