

33rd International Cotton Conference Bremen
March 16-18, 2016
Bremen Town Hall

Session I: Keynotes
14:30 March 16, 2016

Mr. Alan McClay in the Chair
CEO, BCI, Geneva

Mr. Dahlen Hancock, Hancock DK & J Farms, Ropesville, TX, USA
“Conservation Agriculture: A Family Approach to Responsible Agricultural Production.”

Mr. Hancock is a 4th generation cotton farmer near Lubbock, Texas in the United States. His region is characterized by a lack of rainfall and a short growing season. Nevertheless, this region is the largest contiguous area of cotton growing in the world, and cotton is the basis of the local economy. Consequently, it is critical that he and all other farmers are devoted to environmental and social stewardship.

Mr. Hancock’s Great Grandfather came to the Lubbock area from Germany in 1916, and his Grandfather moved to the family’s current location in 1936. His father expanded the farm and retired in 2004 but still helps with chores. Mr. Hancock himself is continuing the legacy today, and his two sons are now actively farming parts of his land and land of their own nearby. Together, the family operates 2,600 hectares. The Hancock’s live on the farm, and have a large garden of tomatoes, squash, cabbage, and sweet corn. They love the earth and love to grow. Their Grandchildren love being in a cotton field and picking those little cotton blooms during flowering.

Mr. Hancock described some of the agronomic practices he is doing to ensure sustainability on his farm. He rotates corn and sorghum with cotton. The stalks are incorporated into the soil to increase water retention in the soil profile and reduce soil erosion. He works closely with USDA to make the best decisions regarding soil and water management. Fertilizer application rates are based on results of soil sampling. He also uses composted gin waste and cattle manure as fertilizer to provide phosphorus, potassium and micronutrients. Nitrogen applications are based on the results of tissue samples taken at 2-week intervals. The four “Rs” of fertilizer management are, Right Source, at the Right Rate, at the Right Time and the Right Place for fertilizer use efficiency.

Cotton is grown in the Lubbock region because it is often the only crop to return a commercial yield in the dry and short-season conditions. Mr. Hancock uses center pivot irrigation on 60% of his land with dropped-hoses to reduce evaporation and small dikes in the furrows to aid in water retention. He said that irrigation is a tool of yield management. Rain fed yields range from zero to 900 kilograms per hectare, with an average of 335 kilograms. Yields on irrigated land average 1,100 kilograms per hectare.

All aspects of crop protection are based on Integrated Pest Management plans which place great importance on host-plant resistance to nematodes and diseases. Variety selection is the most important decision made each year. Mr. Hancock monitors insect populations and manages chemical controls to optimize beneficial insect populations. His weed-management plan incorporates cultural practices in conjunction with chemical controls to reduce weed seed populations and limit damage to yields. Mr. Hancock uses the information provided by USDA and university extension departments in making crop management decisions. He noted that all farmers make decisions and employ crop management plans unique to their own circumstances and agronomic conditions.

Mr. Hancock reported that all farmers in the United States must have a pesticide applicator's license, which must be renewed every 5 years. He is required to maintain detailed records of pesticide applications, storage and container disposal to ensure safe and responsible handling.

Wild populations of mule deer, Canadian geese, and Sandhill cranes on his farm demonstrate the increased biodiversity being maintained in the Lubbock region.

Mr. Hancock described the U.S. regulatory environment in which he must either comply or go out of business. He noted that regulations protect himself, his family, his workers, the safety of the products grown and the environment. Over the past 30 years, there have been substantial improvements in all aspects of agricultural production, with land use down 30%, soil erosion down 68%, irrigation water use down 75%, energy use down 31%, and GHG emissions down 22%.

He said that this constant striving to improve cotton productivity while reducing impacts on the environment is why the US partnered with Australia to create the CottonLEADS program – to continue progress at the national level toward responsibly-produced cotton. The 5 core principles of CottonLEADS are commitment, recognition, understanding, belief, and confidence.

Mr. Hancock lamented the negative impacts of polyester production on the sustainability of cotton production and called for all persons and organizations involved in the cotton value chain, especially those beyond the farm gate, to contribute to a collaborative effort to support the cotton consumption. Cotton provides good jobs for good people in good communities, which is what family farming is all about.

Mr. Hancock said he and his neighbors are happy to host visitors representing brands and retailers when they visit the farm, and the U.S. cotton industry is providing information on sustainability practices through Field-to-Market. He said that organic cotton and cotton produced under other identity programs have places in the market, but that the cotton that his family produces should have a place as well.

Mr. Helmut Fischer, Federal Ministry for Economic Cooperation and Development, Berlin, Germany.

“Partnership for Sustainable Textiles.”

Mr. Fischer observed that global value chains are becoming more complex and extended, especially for the garment sector. He acknowledged that more than 100 million workers are involved in the fiber-textiles-clothing value chain around the world.

Mr. Fischer said that social and environmental concerns are neglected in many countries, resulting in unpaid overtime, a lack of social protection, and environmental damage. He asserted that many textile and clothing producers are reticent to improve labor and environmental standards because such standards are seen as trade barriers. He asserted that there is a race to the bottom when it comes to sustainability, and that Germany, in cooperation with development partners, is working to interrupt this vicious spiral to the bottom.

Mr. Fischer said that Minister Müller had launched the initiative for sustainable textiles to improve sustainability standards along the whole global supply chain. He reported that more than 180 members representing approximately 50% of the German textile and garment market are participating in the initiative. He said that companies should participate in order to safeguard their reputations as responsible companies.

According to Mr. Fischer, the Initiative for Sustainable Textiles will support vulnerable groups in developing countries through sustainable use of scarce resources, thus helping to achieve sustainable development goals. He said that the Initiative represents an intersection of joint interests, and that all partners are pulling on the same road in the same direction.

Mr. Fischer said that the Partnership is not limited to Germany, and that Swedish, Turkish and UK groups are involved. He said Germany is cooperating with international organizations such as the EU and OECD, ILO and the G7.

Mr. Fischer said that the Partnership represents a comprehensive approach to address global challenges, and that what counts is whether companies will be able to improve situations for work forces in developing countries. He said female workers and cotton pickers can not earn living wages. He added that protections are needed for people handling chemicals which might damage their health. He observed that Myanmar and Ethiopia are at early stages of development and he hopes they can avoid the severe mistakes made elsewhere.

Mr. Fischer warned that producing countries must either follow the path demanded by Germany, or they will not be able to interrupt the vicious circle of poverty. The Partnership for Sustainable Textiles will set deadlines for banning the use of hazardous chemicals and the observation of labor standards. He said that standards will be monitored by impartial observers, and that it is necessary to implement concrete standards in countries producing clothing.

While Mr. Fischer insisted that the Partnership for Sustainable Textiles does not represent a form of trade barrier, he noted that Germany is working to internationalize the partnership, and that Germany must ensure a "level playing field" for its business partners to promote social and ecological sustainability in the supply chain.

Mr. Fischer acknowledged that there is a risk of “reinventing the wheel,” and that it is important to collaborate and reinforce. He said that Germany will have regular meetings with EU states and with textile and garment producers, with an emphasis on cooperation.

Mr. Tyler Cole, Olah Inc., New York, NY, USA

“Sustainability is the New Premium Jeans. An Analysis of the Denim Supply Chain and How That Relates to Customer Demand Both Present and Expected.”

Mr. Cole explained that premium jeans are defined as those selling at a price point of \$200 or above. Such jeans are often made in Japan, Turkey, China, and the USA. Originally there were no environmental sustainability claims associated with such products.

He said that the recession in 2008 harmed the premium market, and that price is now the dominant factor in consumer purchasing decisions. However, he observed that the market is beginning to strengthen to focus on performance and product style differentials.

According to Mr. Cole, Millennials are demanding a valid story of transparency in the procurement of denim. He asserted that Generation Y and Millennials are environmentally aware. They are buying online, doing research, and having products shipped to their home. He said that exposure to product information on line is creating a demand for rapid and accurate information about accountability in the supply chain, and that producers need to be “totally honest” with consumers.

Mr. Cole reported on the results of a study conducted by Levi Strauss that found that cotton has an impact on global water consumption, and he predicted that cotton’s market share will decline in competition with polyester and cellulosic fibers.

Mr. Cole concluded by playing a film by the U.S. clothing retailer Patagonia entitled, “Denim, a Filthy Business.”

During questions following the presentations, Mark Messura of Cotton Incorporated said that he was intrigued by the assertion of members of the panel that producers need to be “totally honest” with consumers, because it is clear that most consumers have “no clue” about how clothing is made. As an example, he noted that recycled polyester is made from melted down water bottles that never go away. As another example, he said that retailers need to be honest with consumers in reporting that there is not enough organic cotton in the world to supply consumer demand.

Mr. Fischer responded that there is an opportunity for retailers to be more proactive in providing information about their supply chains and that members of the Partnership must do a better job of educating consumers. He lamented that there are too many labels on clothing and too little information. Therefore, according to Mr. Fischer, the Partnership will have to provide “guidance” to consumers and the Government of Germany will have to serve as a role model. He said that government must change its procurement procedures to set an example of

responsible consumption, and the Government of Germany is committed to sourcing 50% of all textiles by 2020 taking into account sustainability aspects.

Mr. Kotak from India asked Mr. Cole about the use of organic dyes, and Mr. Cole responded that there is not enough to be commercially relevant.

Mr. McClay thanked the panel members for their presentations and urged participants to return to the hall in time for the Second Session to start in 15 minutes.