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2024



20 – 22 MARCH 2024 | BREMEN PARLIAMENT HOUSE

## PRESENTATION

Session:

**A Wider View**

Title:

Supporting the Cotton Economy: ICAC's Role within a Wider View

Speaker:

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### Conference Organisation

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# Supporting the Cotton Economy: ICAC's Role within a Wider View

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(ICAC)



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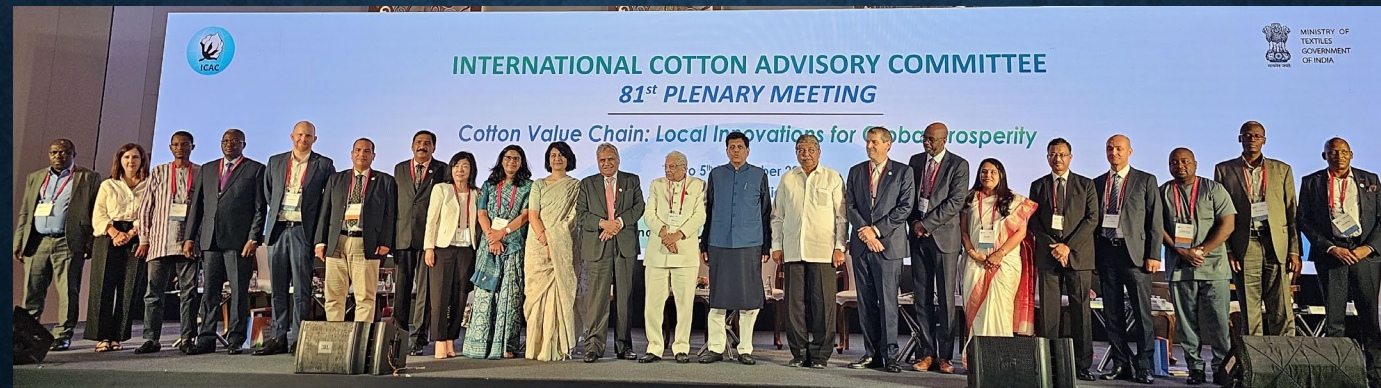


# What is ICAC?



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- Founded in Washington, DC, in 1939.
- The only intergovernmental body for cotton producing, consuming & trading countries.
- Intergovernmental Commodity Body: One of only seven ICBs recognized by the United Nations & the only one responsible for the entire cotton value chain, from seed to end consumer.
- Report directly to our 27 Member governments, almost half of which are in Africa: Burkina Faso, Chad, Côte d'Ivoire, Egypt, Kenya, Mali, Mozambique, South Africa, Sudan, Tanzania, Togo, Uganda & Zambia.
- The ICAC's mission: "To serve the cotton and textile community through promotion, knowledge sharing, innovation, partnerships, and providing a forum for discussion of cotton issues of international significance."





# Market Trends



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- From 1960 to 2023, global textile fiber demand surged from 15 million to 107 million metric tons, growing at a 3.1% CAGR.
- Over the same period, cotton demand rose at a 1.3% CAGR from 10.4 million to 23.4 million metric tons.
- Despite cotton's growth, its market share dramatically fell from 68% to about 22%, overtaken by the swift rise of synthetic fibers.
- Synthetic fibers, particularly polyester, have met the growing demands of an expanding & more affluent global population.
- Synthetic fiber demand skyrocketed from 700 thousand tonnes in 1960 to 76 million metric tons in 2023.
- China dominates the international polyester market with 65% of global demand & is likely to keep driving prices down due to overcapacity in the polyester sector.





# Cotton's Challenges & Opportunities

## Advantages

- Natural fiber (biodegradable with less waste)
- Potential to reduce poverty & conflict, esp. in Africa
- Women's empowerment (43% of cotton farmers are women)
- Climate change (cotton sequesters carbon!)
- Xerophyte (grows where other crops can't)
- Higher-end feel that consumers like

## Challenges

- Cotton costs more than synthetics (labor intensive/complex supply chain)
- Trend to fast fashion & athleisure - Casual dress & working from home advantage synthetics
- Natural product, so supply can vary due to adverse weather, adding to volatility
- Incorrect information about cotton
- Competes with other crops
- Lack of competitiveness in some engineered/functional uses
- Cotton has multiple, variable quality characteristics that make it more complicated to specify & spin into yarn



# Our Current Work



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- Data & Publications
  - Providing essential data products to support trade.
  - Publications on statistics, sustainability, textile demand, government measures and items of specific interest.
  - Examples:
    - Cotton lint production, consumption, export, import, stocks & mill use.
    - Information on varieties & cotton fiber traits grown globally.
    - Water use, fertilizer use, cost of production & production methods.
    - Textile fiber consumption (end use), per capita.
    - World cotton & non cotton textile fiber consumption.
    - Prices of textile fibers.
    - World consumption of major textiles fibers.
    - Imports & exports of cotton yarn and fabric.





# Our Current Work



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- Major Events
  - Plenary Meeting (Uzbekistan).
  - World Cotton Day (TBD).
  - World Cotton Research Conference (Uzbekistan).
- Knowledge Sharing & Collaboration
  - Research Associate Program (RAP).
- International Cotton Researchers Association (ICRA)
  - ICRA has 2,600 cotton researchers as members.
  - ICRA publishes a monthly newsletter.
  - ICRA actively participates in the 5 ICAC-Regional network meetings and the World Cotton Research Conference.
- Regional Research Networks
  - There are 4 ICAC regional networks; Asia (ACRDN); Africa (SEACF & PR-PICA); Mediterranean (ICRNCMM) & South America (ALIDA).
  - The Regional Network meetings are held once every 2 years.



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# Our Current Work

- Instrument Calibration
  - Commercial Standardization of Instrument Testing of Cotton (CSITC) supports contract sanctity. This is critical to trade.
  - CSITC is about benchmarking laboratory performance to lead to improvement in both precision & accuracy (two different concepts) in quality measurement.
- Supporting Sustainability
  - Further develop knowledge and understanding of best practices of sustainability through our Expert Panel on Social, Environmental & Economic Performance (SEEP) with a focus on sustainability, gender & other critical issues.
  - Promote traceability to back sustainability claims.



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# Our Current Work

- Around 62 private sector organizations working in cotton are members of ICAC's Private Sector Advisory Council (PSAC).
- The council has 5 permanent committees:
  - Producers & Ginners
  - Spinners, Weavers & Machinery Manufacturers
  - Merchants & Traders
  - Brands & Retailors.
  - Promotion



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# Our Current Work

- Engaging the private sector
  - Collaborate with private sector to advance goals of promoting a healthier global cotton economy.
  - Support contract sanctity in partnership with ICA/ICA-Bremen.
  - Consider involving wider group of actors in PSAC & other processes.
  - Engage more with civil society, especially the environmental community. Early conversations have been positive because of shared interests/goals.
  - Support efforts on traceability within the private sector.
  - Support initiatives at the UN level to facilitate the use of electronic documents, including electronic Phyto certificates & bills of lading.





# Our Current Work



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- I4Ag-AIRCoA Innovations For Climate Resilience (GIZ)
  - Adapting Innovations for Resilience to Climate Change for Smallholder Cotton Farmers in Africa.
  - The project was signed in December 2022 and is in initial stages of implementation.
- Doubling Yields in Zambia (ITC)
  - Strengthening productive capabilities & value chain alliances. 2020-2023.
- Farmer Training Programs
  - Held recently in India & planned for Cameroon and elsewhere.
- VR Project and APP Project 2020 – 2022



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# The Road Ahead

- In addition to deepening its commitment to existing work, ICAC is considering new ways to better serve its Members & other stakeholders.
- **Agricultural Development**
  - Promote more agricultural development & sustainable practices along the cotton value chain.
  - Example: Improving productivity & potential for value-added production in Africa/Asia.
- **Support Sustainability & Traceability**
  - Reinforce the strong case for cotton's sustainability.
  - Strengthen traceability to support sustainability & other claims.
  - Ensure that traceability does not disadvantage small holders.
  - Prepare for regulatory changes.





# The Road Ahead



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In addition to deepening its commitment to existing work, ICAC is considering new ways to better serve our stakeholders

- Textile Sector
  - Launch textile portal.
  - Support the textile sector, especially in utilizing cotton in new ways.
  - Focus on textile sector potential in Africa to boost cotton demand.
- Brands & Retail
  - Build stronger connections for cotton through the value chain.
- Promoting Cotton
  - Make the quality & sustainability case for cotton v synthetics.
  - Make case for cotton by amplifying the truth about cotton.
  - Build bridges with environmental groups to support cotton.



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# The Road Ahead

In addition to deepening its commitment to existing work, ICAC is considering new ways to better serve our Members & other stakeholders

- **Building Alliances & Policy Engagement**
  - Continue building alliances such as the Discover Natural Fibers Initiative (DNFI) to benefit cotton.
  - Collaborate with other natural fiber groups on common issues.
  - As appropriate, convene Member countries on issues of importance.
  - Provide Members with data & analytics to support policy objectives.
  - Support Members in achieving their goals in the global cotton economy.
  - Collaborate with the UN and WTO on issues of concern.
  - Continue work on SPS issues.



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# Questions & Discussion



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Data, Publications & Instruments

• Support fundamentals of trade

Ag Development

• Boosting agricultural incomes & productivity

Sustainability & Traceability

• Reinvigorating the SEEP process

Textiles

• Supporting textile sector development in Members

Brands & Retail

• Engaging with end of value chain to support cotton

Promotion

• Moving from advocacy to promotion to support cotton

Policy Engagement & Support

• Working with Members on issues of concern