

Fairtrade cotton places its emphasis on social issues, with high minimum prices along with social premiums. Fairtrade cotton is expensive but popular with many retailers as the Fairtrade mark is well recognized by consumers, with around a third of Fairtrade cotton jointly certified organic. Fairtrade also addresses farmer organizational development but like organic is challenged by the arrival of BCI and CmiA and will have to work hard to maintain its position and identity. Fairtrade is not an integrated pest management (IPM) system, but does have regulations on pesticides, banning those listed by the World Health Organization (WHO) as Classes Ia and Ib as well as the Pesticide Action Network (PAN) 'Dirty Dozen' and those registered under the Prior Informed Consent (PIC) and Persistent Organic Pollutants (POPs) conventions (the Rotterdam Convention and the Stockholm Convention, respectively)

BCI begins with 'minimizing the harmful impact of crop protection practices' and aims to be a 'mainstream commodity'. The FAO definition of IPM is the basis of the system, and BCI puts a strong emphasis on capacity building and reducing costs to farmers, improving their profitability through better management practices. Labeling is a major difference between BCI and CmiA, as CmiA is labeled. Like BCI, CmiA is predicated on a continuous improvement process and good agricultural practices, but is applicable only to African cotton. CmiA also encourages a community of practice between programs and producers to promote sustainable cotton production. All initiatives could do well to share more information on production practices.

Cotton produced under the sustainable initiatives cannot only be produced by implementing changes and verification in the field. It needs to be traded responsibly to support sustainability, reduce volatility and costs and improve transparency and trust. Sustainable business requires that attention is paid to the impact of decisions: for example, farmers start their activities long before the cotton is turned into product, and late changes

in buying volumes or criteria can have serious financial impacts further down the chain. While the word responsible may soon become as over used and under defined as sustainability, it is an essential behavior to all good sustainable business practice.

At its most basic, sustainable cotton production equates to the sustaining of trade, marrying commercial success, social responsibility and environmental protection. The future of sustainable cotton depends on putting these basic elements in place; however, a major limitation is that sustainable systems generally remain dependent on donors or premiums and despite the size of the retail markets, not enough money is returning to invest in production, productivity and improved sustainability or better seed supply.

An often heard criticism of standards and certification systems is that they are purely marketing tools, more useful to the retailers and brands than to farmers and the environment. It is true that certification is not necessary to produce in a sustainable way and it is also true that certification and verification do not guarantee sustainability: the cost of a fully verified system is enormous and so most systems only allow for partial control and the use of documentation and/or self-assessment.

So do we need sustainable initiatives? The answer is that we do. The relationship between so-called 'conventional' farming and advocates of sustainability is sometimes fraught and difficult, but the raising of issues and the quest for more ethical and less damaging production is one that moves the debate—and the reality on the ground—forward. Scrutiny provides an impetus for change just as dialogue does. Sustainability programs are not enough by themselves to address all the issues or to change the whole cotton sector, but they quite literally set a standard for everyone.

The various sustainability initiatives together with continued action on IPM, Best Practices and international regulation have not always been perfect and are not always complete, but they are a step in the right direction.



## ORGANIC COTTON: A PRODUCTION SYSTEM

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According to the International Federation of Organic Agriculture Movements (IFOAM), "Organic agriculture is a production system 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 inputs with adverse effects. Organic agriculture combines tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for

all involved." Organic agriculture is based on the principles of agroecology and replaces synthetic agrochemicals with natural methods and botanical products to improve soil fertility, water quality, and pest control. Organic cotton means certified organic cotton. If the production and processing systems are not certified, it is illegal to claim the results as organic. Certification of organic cotton requires three years of 'transition' from conventional practices and land use to

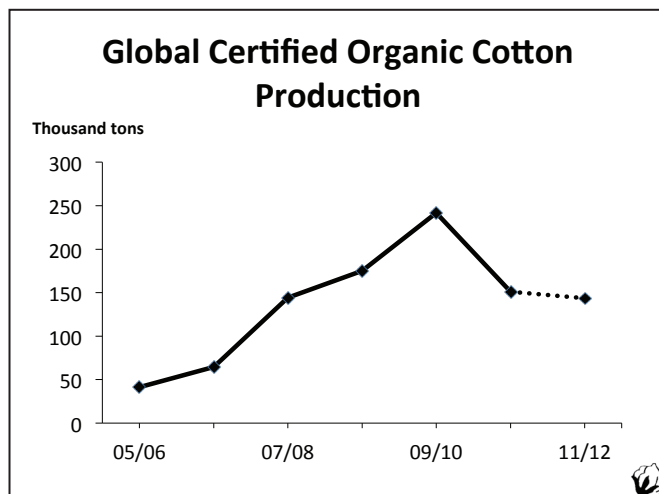
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organic practices and processes. In terms of social standards, organic certification cannot be achieved if the International Labor Organization standards are breached. Organic production relies upon the holistic nature of the organic system to meet the IFOAM principles of social and economic fairness. Economic sustainability through improved terms and conditions of trade to ensure farmers' livelihoods will also deliver socio-economic benefits to their wider community. Organic certification must be obtained at the farm level to achieve organic status of the raw material, and must be tracked through the supply chain to ensure the organic status of the final product and for consumer labelling. Additional standards and certification can be obtained during the processing and manufacturing stages to enhance the environmental and social benefits for the entire product.

Organic cotton production as a system worked successfully for the last two decades and carries a strong potential to continue to prevail in the future. The organic cotton production system satisfies all the three components of sustainability: economic, social and environmental.

### Major Trends in 2010/11

- Global organic cotton production in 2010/11 dropped by 37% to 151,079 tons.
- India, Syria, China, Turkey, and the United States were the top five producers in 2010/11.
- Production in India fell by 48% from 195,412 tons to 102,452 tons due to stringent regulatory control by the Agricultural and Processed Food Products Export Development Authority (APEDA) which means improving integrity and better chances for capturing the market in the future.
- Twelve out of 20 countries increased production (most significantly Benin, Brazil, Mali, Nicaragua, Kyrgyzstan and Tajikistan).
- Kyrgyzstan is one of the top 10 producers for the first time.



### Organic Cotton Yields

Organic cotton was cultivated on 324,577 ha in 2010/11 compared to 460,973 ha in 2009/10. The drop in production and the forecast for 2011/12 are based on continued decline in area devoted to organic cotton. The stringent requirements from the Indian government to follow organic standards is ultimately going to benefit organic cotton area. The motivation that is driving some conventional producers to shift to organic production has not been affected or reduced. While social and environmental variables are important pillars of the organic movement, only the economic viability of a system can assure its survival. The average conventional yield of the current 20 organic cotton producing countries was 780 kg/ha in 2009/10, compared to an average organic yield of 525 kg/ha. The same 20 countries had average yields of 783 Kg/ha and 466 kg/ha in 2010/11 under conventional and organic production conditions, respectively. The jump in the share of India in global cotton area lowered the world average organic yield and widened the gap between the two production systems. In this group of countries, the average yield under organic conditions in 2007/08 was 6% higher than under conventional conditions. However since 2008/09 the average organic yield in the same group has been lower than the average conventional yield.

Lower yields under organic conditions cannot be directly attributed to imperfect control of insects or lack of proper nourishment of the cotton plant. It is obvious that organic production has lower costs of production due to savings in expensive insecticides and conventional fertilizer costs. The long term benefits of safe technologies are always rewarding. So, an organic cotton producer will weigh in his net return like a conventional grower. The negative effects on yields of unexpected weather or pest events may or may not be similar under the two production systems. Moreover, a possible reason for the lower calculated average yields under the organic system could be that the certified organic cotton area figures reported by the Textile Exchange are in some cases likely to be used for all organic crops, not only cotton. Moreover, some producers sometimes sell part of their organic cotton production as conventional (in particular when conventional cotton prices are high).

### Prospects for 2011/12

The number of countries that produce organic cotton is not expected to decrease. However, organic cotton area will decline further in 2011/12, mainly in India. The effects of APEDA regulations will dissipate and the situation is expected to return to normal at the end of 2011/12. The sharp decline in production that took place in 2010/11 for the first time in 10 years will not likely be repeated in the next few years. Organic cotton production is expected to reach 143,600 tons in 2011/12. At this stage it is hoped that production will start gaining momentum from 2012/13 onwards.

