



# INTERNATIONAL COTTON ADVISORY COMMITTEE

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## **Report from the Working Group on Challenges from Competing Fibers April 18, 2013 Embassy of Switzerland**

It is an honor to represent the Task Force on Challenges from Competing Fibers and to speak with such a distinguished group.

I would like to report briefly on the efforts of this task force on behalf of ICAC and the representative governments. First, some background.

The delegates of the 71st Plenary Meeting of ICAC, the 521<sup>st</sup> Meeting of the Standing Committee established a Task Force on the Challenges from Competing Fibers. Member governments nominated nine experts with subject matter knowledge of inter-fiber competition to the task force. Task Force members asked me to serve as Chair and Mr. Joshi, of India, to serve as Vice Chair.

The purpose of the Task Force is to complete a study for delivery to the 72<sup>nd</sup> Plenary Meeting in Colombia in September/October of this year. As part of the development of this report, the Task Force was asked to present a preliminary outline of work to the Standing Committee at a meeting on this meeting and a draft report on June 6, 2013. The Task Force will not conduct original research but rather pull together summaries of studies already conducted on challenges and opportunities created by competition between cotton and other fibers, to highlight major findings and to develop recommendations for action by government and industry to improve the competitive performance of the cotton industry.

We have met three times by conference call and have boiled down the discussion to the following major issues: Technical fiber performance, sustainability, classification and standardization, labeling and price volatility. Let me provide some detail to our discussions.

Members discussed the issue of sustainability of cotton production and benefits of cotton as renewable fiber vis-à-vis polyester, as well as carbon, and water footprint of cotton. Members discussed the challenge of comparing a completely renewable resource to extractive ones like polyester, even if recycled and the image problems of cotton sustainability which remains problematic, especially in Europe.

Members agreed there was a need to highlight the technical benefits of cotton vis-à-vis other fibers. A variety of examples were brought up in initial discussions, including benefits for human body and skin, use in cosmetic and medical textiles, and work on new technologies to improve the use of cotton in new products that illustrate the advantages of cotton.

Members agreed on the benefits of standardization and adoption of HVI testing and endorsed the CSITC work on standardization. Examples include not only the US, but also Australia, Brazil, Israel and Uzbekistan, where large investments into HVI classification system improve the value of cotton in the supply chain. Encouraging steps to achieve a higher level of standardization is a critical competitive opportunity.

Because of consumer preferences for cotton, members highlighted the importance of content labeling. The labeling issue was on the agenda of ICAC and IFCP several years ago and a study on the issue was made. There has been progress in terms of content labeling and the committee will review that study.

Members have had significant discussions of cotton price volatility and the negatively impact on cotton competitiveness. Government policies and direct government interventions in cotton markets are among factors causing high volatility. Governments could be asked to heighten transparency in cotton policies, and to improve information and statistics on cotton supplies and stocks. Government role in achieving price stability could be addressed in the report.

Other issues that have been discussed on the topic of volatility include speculation, World cotton contracts, and the lack of the ability of citizens of large volume cotton producers to invest in existing international financial instruments for hedging against price fluctuations.

Not with standing what it might seem like, the task force has had exciting and interesting discussions and I look forward to an insightful interim report and useful final report and presentation in Colombia.

Finally, I would like to thank the members of the task force:

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Mark Messura, an observer from the US, and  
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