THE COTTON TRADE
GLOBAL YARN
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## TRADE FOR DEVELOPMENT CENTRE
From the field to the retail shelf, via spinning, weaving and finishing mills, this brochure immerses you in the world of cotton by focusing on three key stages in the process: cotton production, consumption and trade. Analysis of each of these will help you understand the economic, environmental and social issues surrounding this raw material, the countless threads of which link Belgium with the rest of the world.

The origins of cotton

What do we really know about the clothes that protect us during the day, or the sheets that cover us as we sleep at night? Certainly, we are all familiar with the soft fibre most of these are made of: cotton. But do we know whose hands harvested or processed these fluffy little white bolls? While the long journey of a cotton boll invariably starts in a warm country, the way in which cotton is grown varies considerably depending on its origin, with mechanised practices more prevalent in the United States, and manual methods preferred in China, India and Uzbekistan. Whatever their nationality, producers have significantly improved their yields and stepped up production to match the seasonal whims of fashion and the rapid pace of demographic growth. This acceleration has enabled cotton to compete with its main rival, synthetic fibre, but places a heavy burden on the environment: Cotton growing holds many unenviable records, in terms of overuse of pesticides and excessive irrigation. These practices have paved the way for genetically modified seeds, a revolutionary innovation for the handful of companies that dominate the world market – a cure worse than the disease itself, if we are to believe what environmentalists say. These same environmentalists praise the virtues of organic cotton farming, which generates equivalent yields in the medium and long term, while promoting the autonomy of producers in the South in the face of agrochemical multinationals. Fair trade certifications also bring economic and social benefits, adding to their independence: these quality labels offer the guarantee of fairer trading between buyers in the North and cotton farmers in the South.
Once it has been harvested, cotton is packed into large cloth sacks, resembling giant cushions, which are universally known among producers as “bales”. The sales of this raw material – which is transported to the spinning mills forthwith – are the source of world cotton consumption figures, which in actual fact indicate only “industrial” consumption of cotton fibre and not “retail” consumption, i.e. that of the end customer. For the past few years China has taken top spot in the global ranking of consumer countries, with India and Pakistan trailing a long way behind. Cheap (or even very cheap) labour represents the decisive advantage and, at the same time, the social Achilles heel of these countries, in which many companies attach little importance to the most basic principles advocated by the International Labour Organisation. Nowadays, extensive media coverage ensures that end users are fully aware of these practices. Many brands have therefore chosen to listen to consumers who wish to wear clothes that are more in keeping with their own personal values, even if it means paying a bit more for the privilege.

Whether they stem from organic or conventional agriculture, clothes are also the best indicators of the commercial balance of power between nations. The major upheaval caused by the dismantling of the Multi-Fibre Arrangement is proof of that: since 2005, the decision by the WTO to reduce customs protection has changed the face of the world cotton trade, in favour of China. Though admittedly less influential than this trading giant, Belgium is also one of the players in the cotton market, with a role as both importer and consumer. It is participating in the saga of a commodity that has never before experienced such unpredictable times: in the wake of the floods in Pakistan, cotton prices reached all-time record high levels, in August 2010, leaving the door open to a wide variety of scenarios. But it takes more than that to worry traders: cotton is an absolutely vital commodity for consumers, is it not? People still need to get dressed every morning, whatever problems the world might be facing.
COTTON
IN BROAD OUTLINE
**THE CONQUEST OF WHITE GOLD**

Soft, supple and strong, cotton has gradually conquered the planet thanks to its many qualities, even though its production demands a warm climate and rich soil. When the cotton plant is ripe, it offers up to growers its precious fluffy bolls, as well as its seeds, which are processed to extract oil and meal.

**Global appeal**

No one knows for sure whether cotton was first grown in Asia or pre-Columbian America, or whether cultivation goes back 3,000 or 7,000 years. But it is easy to understand what originally drew people to this fibre, when you stroked the delicate white tufts, those tassels with tiny threads of between two and five centimetres in length. For a long time, the use of cotton fabric was limited to southern countries and did not extend above Andalusia. Then the crusades made it popular further north, culminating in a veritable passion for soft and supple cotton garments in Europe in the 18th century. The industrial revolution made large-scale production of these garments possible, thanks to the introduction of spinning, combing and weaving machines.

Since then, production has just kept on rising, with a particularly significant upturn between the 1950s and the present day, from 6.6 to 21.8 million tonnes. This supple textile, pleasant to the touch and hardwearing, which evacuates perspiration but is colourfast, quickly overtook its European competitors, particularly flax and wool, which soon had only a meagre share of the market. Cotton is now one of the most widely cultivated plants in the world, notably in terms of land allocation: grown in more than 100 countries, it covers 2.5% of the planet’s arable land, which puts this commodity ahead of subsistence cereal crops and soya, for example.

![World cotton production and consumption](chart)

*Source: World Agricultural Supply and Demand Estimates reports, USDA.*
A plant of the southern hemisphere

While the connecting threads of cotton’s development are woven into a global fabric, its production is still confined to humid tropical and subtropical regions. The cotton plant grows in a band situated between the 37th parallel north and the 32nd parallel south, in loam or clay soil capable of meeting its considerable nutrient needs. It consumes large quantities of water (7,000 to 9,000 cubic metres per hectare), requiring powerful irrigation systems if natural rainfall is insufficient. Measuring between 1 and 3.5 metres in height, the cotton plant forms clusters of red, yellow or white flowers after two months and has palmate leaves 12-15 cm in size, which develop along the main stem in a spiral arrangement. The leaves are then transformed into capsules with rigid walls. This casing (the fruit of the cotton plant) bursts open upon maturity to reveal a mass of fibres, in the form of fluffy bolls: this is cotton lint, which is used to make textiles.

There are many different varieties of cotton, but all cotton plants belong to the genus *Gossypium*, in the Malvaceae (or mallow) family. Out of around fifty species (wild and cultivated), only four are grown commercially in the world. *Gossypium barbadense* produces long, fine fibres and accounts for 5% of global production. *Gossypium herbaceum* and *Gossypium arboreum* both have short, thick fibres, and supply 5% of world production. The medium fibre length of *Gossypium hirsutum* is therefore most in demand: worldwide, this species alone constitutes 90% of all cotton production.

Fibre length, or staple length, may still be one of the main criteria structuring global supply of cotton, but it is not the only one. Across the globe, the quality of cotton is also determined by its colour (classification by grade: white, tinged, spotted, etc.), or by its purity (amount of extraneous matter) and its strength.

### Declining global stocks and cotton prices

![Graph showing declining global stocks and cotton prices](image)

Sources: Cotlook and USDA, ICEC.
Sowing the seeds of sustenance

Unlike cotton fibre, which is so universally well known because of its multiple uses (clothes, soft furnishings, stuffing, packaging, compresses, etc.), cottonseed often goes unnoticed despite its versatility. First of all, a vegetable oil is extracted from it for cooking purposes, particularly in Africa, but it can also be used to make soap and cosmetics. The residues of this initial processing, known as cottonseed meal, serve as animal feed, though other uses exist, including the production of frying oil, plastics and fungicides. Even the stems and branches of the cotton plant can be used by cotton farmers, who use them as bedding for their livestock, or else burn them.

Sometimes nicknamed “the pig of all botany”, there is absolutely no waste with this shrub, which has become indispensable in certain parts of the world. In India, the spinning wheel used by people to make their own clothes has even been incorporated into the national flag. Gandhi’s habit of manually spinning cotton yarn became a symbol of the struggle against British imperialism: He denounced the colonial power’s practice of weaving Indian cotton fibre in Britain, only to resell it on the Indian sub-continent. More generally, Gandhi regarded this industrialisation as potentially detrimental to the survival of small-scale producers in the South.
COTTON IN BROAD OUTLINE

FROM A FLOWER TO A T-SHIRT

Whether it is watered by rainfall or irrigated, cultivated manually or mechanically, cotton is a precious godsend for farmers. But growing this crop also has considerable social and environmental impacts, which organic agriculture and fair trade are trying to address.

Production methods

The cultivation methods used by cotton farmers vary depending on several factors, among the most important of which are the rainfall and wealth of the country in question. Experts make a distinction between rain-fed cotton, cultivated in China, India and sub-Saharan Africa, and irrigated cotton, which is grown in the US, Uzbekistan, Egypt and Syria. The first is favoured in climates that manage to largely – or even completely – satisfy the water requirements of the cotton plant. The second depends entirely on irrigation. A growing number of producers would seem to be resorting to the second system, which – although more costly – ensures regular watering and hence safeguards yields, in terms of both quantity and quality.

In addition to the water criterion, another factor divides the cotton-growing world in two: mechanised production versus manual production. In rich...
countries where intensive cultivation methods predominate, farmers use powerful machinery capable, for example, of digging and planting 10-24 rows at a time. Four months later, a cotton harvester will collect the mature capsules. In some countries, such as the US, Australia and Israel, cotton is harvested 100% mechanically. The manual method is slower, yet is used for 70% of the cotton crop worldwide. This more expensive option has other advantages: it prevents the presence of foreign matter and makes it possible to select the bolls as they are being picked, according to maturity, even if this means making several passes. Whichever method is used, the average production cost of cotton is estimated to be between 0.35 and 0.45 euros per pound.

**High pesticide use**

Although cotton represents an indispensable source of revenue, particularly in developing countries where it employs 7% of the total labour force, this fibre – as soft and downy as it is – also has considerable social and environmental impacts. The cotton plant is the world’s biggest consumer of pesticides: 16% of all pesticides used on the planet are applied to cotton fields. Environmentalists regularly sound the alarm on this issue, not only highlighting the environmental impact of the chemicals used, but also cataloguing the serious disorders associated with growing cotton, such as cancer, malformation and fertility problems. The children who often work on farms in southern countries are in the firing line in this respect, since it is they who apply the chemicals. Tests carried out on 899 children living in cotton-growing areas in India revealed that their coordination, balance and concentration ability had been adversely affected. Water consumption
is another Achilles heel for cotton growing, which once again holds many unenviable records in this area.

Between the plantation and the final product, the little white cotton bolls go through several processing steps. Producing the yarn involves, in particular, cleaning, smoothing and assembling the fibres. Spinning is followed by weaving (for jeans, for example) or knitting (for T-shirts). But whatever route the raw material follows, cotton growing remains the most harmful stage in terms of environmental consequences.

**Organic and fair cotton growing**

The specific aim of organic agricultural methods is to reduce the environmental impact of cotton at each stage of production. These cultivation techniques advocate, for instance, the use of natural pesticides composed of decoctions of leaves, or taking advantage of the appetite of certain insects for the parasites that prey on cotton plants. Similarly, crop rotation is a common organic practice: by alternately planting soya, mung beans and cotton in the same field, producers maintain soil quality and fertility and do not need to use as much water. The first two crops actually fertilise the soil and prepare it for the cotton. Organic cotton farming likewise bans the use of genetically modified seed, as well as fuel-hungry agricultural machinery in favour of manual production, which creates jobs.

From this point of view, this type of agriculture embraces the declared objectives of fair trade cotton. Fair trade concentrates especially on economic and social aspects, guaranteeing respect for workers’ rights, a ban on certain forms of child labour and payment of a minimum price, whatever the trading price may be. However, it also offers a development premium intended to fund local projects (water supply system, construction of schools, etc). This equity policy would ideally be applied every step of the way, from the field to the shelf, where shoppers would be able to find a wide range of clothes carrying the fair trade or organic label. But at the moment – and more often than not – it applies only at the production stage. Despite this deficiency, brands that embody fair trade principles offer consumers the opportunity to uphold humanist and environmental values by purchasing ethically produced clothes.
In the same vein as the ecological footprint, an international indicator developed by the WWF, another indicator has emerged: the water footprint, defined as the total volume of fresh water that is used to make a product. This indicator takes account of each stage of the production process to calculate estimates that are understandable to everyone. In the case of cotton, we know that a 250 g cotton T-shirt requires 2,720 litres of fresh water. All in all, 1 tonne of finished product swallows up 11,000 litres of water. This figure not only takes irrigation into consideration, but also includes the water needed to dilute pesticides and artificial fertilisers applied on the fields, as well as the water required to dissolve the chemicals used during processing (spinning, bleaching, dyeing, etc.). According to this indicator, 84% of the EU’s cotton-related water footprint lies outside the EU, with major impacts in countries like India, Pakistan and Uzbekistan.
PRODUCTION OF COTTON
A FIBRE AT THE EPICENTRE OF GLOBAL TURMOIL

A very small group of just a few countries has cornered most of the market for cotton production worldwide. They have benefited from constant improvements in yields, but for the past few years the area under cultivation has been shrinking, leading to a downturn in production.

World cotton production

Each year, in close to a hundred warm countries, harvest time offers the spectacle of immaculate mounds of cotton dotted across the countryside. But the lightness of these downy clouds is illusory: world production of cotton fibre in 2009-2010 totalled 21.8 million tonnes. The world’s largest producer of cotton, China, accounts for 25% of global production, followed by India (21%), the US (12%), Pakistan (8%), Brazil (5%), Uzbekistan (5%), Africa (2%) and, bringing up the rear, Europe (1%), where production is confined to a few countries in Southern Europe, including Portugal, Greece and Spain. This geographical distribution shows that the cotton sector is highly concentrated, with world production almost entirely monopolised by just six countries.

The increasingly evident trend towards concentration also masks changes among the industry’s “secondary” players: Some Latin American countries, for example, have gradually abandoned cotton growing, while in sub-Saharan Africa significant producers have emerged, such as Burkina Faso, Benin and Mali. Worldwide, production has more than doubled in 50 years, without there necessarily being any increase in cotton acreage: the upturn in production is mainly due to higher yields, which have quadrupled since 1960, rising from 0.2 to 0.8 tonnes per hectare on average.
Recent trends

While a few countries such as China are still seeing an upward trend in production, the figures show that cotton production has stagnated or even declined in the past two years. This situation is the result of the rising price of most agricultural foodstuffs since 2007, which means that arable land is subject to more intense competition. Many farmers have switched to more profitable crops, such as cereals. Cotton growers have also been reporting unfavourable climate conditions for the past couple of years, not to mention the economic climate, which has affected this sector. Down from 26 million tonnes in 2007-2008 to 21.8 million tonnes in 2009-2010, production looks set to pick up again in 2011.

Nevertheless, these cyclical figures should not make us forget that a persistent trend has been evident for the past 40 years: the underlying decrease in the proportion of cotton in total world fibre production. This has benefited petrochemical-derived textiles, which have seen faster growth. For all that, little white cotton bolls continue to reign supreme in the world of natural textiles: if the production of cotton is compared with that of other natural fibres, it retains its historic place as the world’s primary source of fibres, well ahead of flax, wool, silk, etc.
**INTERVIEW**

**ALFRED SCHWARTZ :**

**“COTTON WILL KEEP ITS ADVANTAGE”**

Alfred Schwartz, a French cotton expert, is Honorary Director of Research at the French Institute of Research for Development (IRD) and a former policy official at the French Ministry of Foreign Affairs, focusing on the theme of “Cotton growing, food security and sustainable development in Africa”. He gives us some insight into how he sees the future of the global cotton trade.

**How will cotton production develop in the next few years?**

China will continue to progress strongly, as will India, which has also become a major player. As regards US production, it might shrink away to nothing after falling considerably during the last two seasons: the subsidies granted to farmers to switch to a new type of production and start making ethanol were much higher than those handed out for cotton. But, in actual fact, this situation is misleading because the high price of cotton is already pushing American farmers back to growing cotton. The cotton trade is completely unpredictable, but we shouldn’t forget that cotton is the raw material of an indispensable industry, i.e. the textile industry: We will always need it to clothe ourselves.

Indeed, but synthetic textiles have benefited from the fact that cotton’s market share has been falling for years. Will it decrease any further?

You need petrochemicals to make synthetic fibres. For the past year, however, oil has fluctuated around 80 dollars a barrel and the price seems likely to increase. That will put a brake on synthetics, particularly as oil reserves are running out. So, I think that cotton will keep its advantage, even if the current climate is unique and not exactly conducive to making predictions.

**In what way is the situation of the cotton sector new?**

The situation has changed dramatically since October 2010, when the market price of cotton soared to levels unprecedented in the history of cotton trading. The summer of 2010 saw devastating flooding in Pakistan. The failure of the harvest led to a shortfall on the world market, estimated at 350,000 tonnes. This was enough to ensure that demand outstripped supply, not helped by the fact that stocks were already practically exhausted at the time. All of these factors triggered an explosion in trading prices that will have a direct impact on the price of finished cotton products: Our clothes will be more expensive.

**EUROPE: FEATHERWEIGHT IN THE REALM OF COTTON PRODUCTION**

Cotton is one of the commodities that has opened up important trading routes between Europe and the rest of the world, precisely because the vast majority of the territory of the EU is not suitable for cultivating this crop. Only a few countries with a sufficiently warm climate have managed to grow it, such as Italy, Portugal, Greece and Spain. The last two now account for almost the entire European cotton crop. Three-quarters of the 400,000 to 500,000 tonnes produced each year in the EU come from Greek and Spanish growers. Despite these industrial quantities, European production remains fairly limited on a global scale, representing only 2% of the world’s total production of cotton.
SOARING INTEREST IN SUSTAINABLE COTTON

Organic cotton farming methods have a low impact on the environment, while fair trade standards guarantee small-scale producers a fairer price. In both cases, the advantages of sustainable cotton have considerably increased the number of growers seeking certification. Yet despite this, the quantities produced remain comparatively small.

Fertile soil and better prices

Nowadays, organic cotton is grown on 253,000 hectares worldwide, scattered across 22 different countries. The main producers are India and Turkey. There has been a sharp increase in the production of organic cotton, but not enough to cope with the soaring demand. The 2009 season saw organic production grow by 20% compared with the previous year, climbing from 146,000 to 175,000 tonnes. Despite this surge in supply, organic cotton has yet to pass the 1% of world production mark.

Cotton offers several advantages that encourage producers to switch to organic farming methods: the prices fetched in this sector are 30% higher and, in developing countries, the decision to go organic dispenses with the need for loans, which are usually taken out to purchase chemical fertilisers at the start of the season. Cotton growers also know that these cultivation methods will gradually restore the fertility of the soil, often eroded by years of intensive farming. These advantages make up for the lower productivity of organic cotton production and the fact that it does not guarantee regular yields.

Fair trade cotton

Fair trade cotton is a very recent arrival on the market (2005) and is still a niche sector, accounting for a mere 0.05% of global production. A total of 30,000 farmers worldwide are thought to be engaged in fair trade certified cotton production, and are typically to be found in West and Central Africa, India, Egypt, Peru and Brazil. The cotton growers involved in this new sector are mainly attracted by economic and social factors: regardless of fluctuations in world trading prices, buyers are required to pay a minimum price (on average 20% higher than conventional prices), sufficient to cover the costs of production and provide for the needs of the producer and his family. This sector is benefiting from a boom in consumer demand for ethical products, as consumers seek to use their buying power to oppose inequalities. To meet the expectations of the public, fair trade brands apply their economic and social criteria to one or more links in their logistic supply chain so as to offer consumers better social guarantees.
The history of the Tambacounda region, situated 500 kilometres from Dakar, reflects the experience of tens of thousands of villages across countries in the South. Cash crops (cotton and groundnuts, for example) have taken over from subsistence crops and traditional polyculture has been replaced by intensive monoculture based on the use of chemical fertilisers and pesticides. However, when the inhabitants of this cotton region noticed that the soil was exhausted and world market prices were falling, they decided to fight back and switched to organic farming in 1997 and fair trade in 2005. What’s more, the Tambacounda farmers sought to improve local know-how in order to create maximum added value for their product. Using 100 spinners, 12 weavers, 10 dyers and 8 tailors, the Yakaar Niani Wuli Federation, which was behind the project, launched the first Senegalese organic-fair trade cotton network in 2008.

Today, the products are sold in the domestic market, especially during fairs. One of the Federation’s objectives is to satisfy foreign demand, but this will require action on several fronts: improve product quality, vary the product range, increase production capacity and forge new partnerships. It will be a long and demanding process: organising training programmes, holding workshops, providing support, exploring the market and carrying out other assessments will take two years at a cost of nearly €82,000. BTC, the Belgian development agency, undertakes to cover 75% of this sum. This support reflects BTC’s commitment to build a fairer world in a spirit of international partnership.
The promises made about genetically modified organisms (GMOs) have considerably increased their use over the past fifteen years. But environmental organisations question their effectiveness and observe that these methods often create tragic situations in poor countries.

**What is GM cotton?**

Since the terms “GMO” or “transgenic” invariably evoke a hostile reaction from consumers, the alternative “biotechnological cotton” is considered more acceptable. The objective remains the same, however: to obtain seeds that have been genetically modified to withstand herbicides or resist insects. The best-known example of these transgenic seeds, Bt cotton, produces, for example, an insecticide toxin synthesised by the gene of a bacterium (called Bacillus thuringiensis: Bt) and used by the plant as a pesticide. Seed companies such as Monsanto – which controls 80% of the biotechnological cotton market – claim that growing this plant can help reduce the use of pesticides and increase yields. Since 1996, when the first commercial varieties of GM cotton were planted, the area under GM cotton has continually expanded: Initially confined to Australia, the US and Mexico, it is now also grown in China, India, Indonesia, South Africa and Argentina. Nowadays, a third of the world’s cotton plants are genetically modified, and the proportion continues to increase.
The environmental organisations that denounce GMOs rely on the fact that little is known about their impact on the environment or on human health. But above all, they dispute the claims of the seed companies: NGOs observe that GM seed, which is touted as being resistant to disease, actually increases the use of pesticides and results in lower productivity. In China, for example, Bt cotton has generated a new upsurge of what are known as “secondary” diseases (not targeted by this variety) such as leaf viruses, requiring the application of new pesticides. Environmentalists talk about a vicious circle: the seed companies introduce other genes, which then require new pesticides, and so the cycle continues. This process means that the multinationals are assured a constant demand, but forces producers in poor countries into often-tragic situations. Thus, in India, in the country’s cotton-growing region, there are reports every year of thousands of suicides by debt-ridden farmers who have staked everything on intensive methods such as the use of GMOs. Faced with such a situation, environmental organisations deplore the disappearance of local varieties, which are adapted to the climate conditions of a particular region and which farmers can reproduce themselves at a lower cost, without becoming dependent on the big seed companies.
Jonas Hulsens is Sustainable Agriculture Campaigner for Greenpeace Belgium. Here, he denounces the social consequences of GM cotton in southern countries.

Why does GM seed make farmers dependent on the seed companies?

Because farmers are obliged to buy seeds from them every year. But to a larger extent this dependence is due to intensive farming since, even for hybrid seeds, farmers have to purchase them each year. There is also dependence on chemicals, and even more so in the case of genetically modified plants, which require specific protection products generally sold by the seed supplier. Bt cotton is different in this respect, as it produces its own insecticide; but even farmers who grow Bt cotton continue to use insecticides.

What are the financial consequences of this dependence?

Greenpeace conducted a study to compare the net income of farmers who use Bt cotton and those who practise organic farming. The results showed that, despite the fact that farmers in the first group use GM seed, which is supposed to save on the amount of plant protection product required, they actually apply a lot. In the end, their costs are higher than those of organic farmers. In southern countries, the tendency is for farmers to get into debt (at the start of the season) to absorb these costs.

There are reports of many suicides linked with this problem. What’s the story there?

This problem of debt is in fact at the root of a spate of suicides in India, but there again, this phenomenon is also very much the result of intensive farming. Whatever type of farming they practise, cotton growers have good years and bad years. The debts incurred to purchase chemicals or GM seeds make matters so much worse during bad years that farmers are driven to desperate measures. Those who practise organic farming are not burdened with the same investments, so they are much less vulnerable if they suffer setbacks. It should also be borne in mind that local varieties are much better adapted to the climate conditions faced by these farmers. But in some countries, like India, subsidy policies clearly favour GM cotton and are detrimental to local seed varieties. Often it’s even very difficult for producers to find non-GM seeds: choices and availability are much more limited.
THE CONSUMPTION OF COTTON
INDUSTRIAL CONSUMPTION: THE NEW ORDER

Within the span of just a few years, Chinese factories have become the biggest consumers of cotton in the world, following the gradual dismantling of the quotas imposed under the Multi-Fibre Arrangement. However, this liberalisation of the market has had scarcely any effect on the downward trend in the market share of cotton in favour of synthetic textiles.

Feeding the cotton mills

The “made in” information given on clothes labels is not nearly enough to enable us to retrace the route taken by cotton before it reaches our wardrobes. Its itinerary is often extremely complex: Cotton may be grown in one country, woven in another, before being made into clothes in a third, which are then exported to yet another… To satisfy consumer demand for transparency, some clothing brands provide a little map with their products, showing the route taken from field to factory (Patagonia for example). Examining the web woven by cotton as it travels around the globe also reveals that, besides “retail consumption” – i.e. that of the end customer – there is also “industrial consumption” of cotton. This expression refers to purchases of raw cotton by mills, which spin the fibre before turning it into fabric. More often than not, traders act as intermediaries between cotton producers and “industrial consumers”. In a market as geographically fragmented as that of cotton, they fulfil a key role: They function as matchmakers between supply and demand and are partly responsible for setting prices.

Over the year 2009-2010 world industrial consumption was 24.6 million tonnes, almost 10 million of which in China, 4.2 million in India, 2.3 million in Pakistan, 1.8 million in Asia and Australia combined, and 1.5 million in Turkey and in Europe. All in all, the main cotton consumers are developing or emerging countries that have their own manufacturing industry and make textiles. But this situation is new: It results from a major upheaval that changed the face of this industry in the space of just ten years or so.
The current distribution of industrial consumption of cotton across the world is the result of the WTO dismantling the Multi-Fibre Arrangement (MFA) at the end of 2004. Introduced thirty years earlier, the MFA was set up by Europe and the United States as a formidable tool to protect their national industries against imports from developing countries. When the quotas imposed under the MFA were phased out, market shares shifted in favour of China. This country is one of the few able to carry out every stage of the manufacturing process within its own borders, and its unbeatable labour costs have made it the world’s largest textile manufacturer. The increase in world cotton consumption over the past ten years is largely due to Chinese demand. The knock-on effect means that the US has seen its consumption plummet.

More generally, this liberalisation of the cotton market is believed to have increased the annual quantity consumed in the world by half a million tonnes a year. After rising almost continuously for half a century, industrial fibre consumption (all textiles taken together) peaked at 56 million tonnes in 2004, due to population growth and increased per capita income, but also thanks to a fall in the price of textiles. Then in 2008-2009, world cotton consumption experienced a record downturn, plunging 13%, the most significant decrease since the Second World War. This is put down to the economic crisis, but experts also point to a loss of competitiveness vis-à-vis other textiles such as polyester. Chemical fibres offer manufacturers more consistency in terms of quality, quantity and price. These advantages are partly responsible for the downward trend in cotton’s market share in the long term. Having said that, in the shorter term, the markets saw an upturn in the use of cotton in 2009-2010. Cotton prices are so volatile and the situation is so unstable that it is virtually impossible to make any predictions about the future. Common sense suggests, however, that the increasing scarcity of oil resources may slow the advance of synthetic textiles and translate into a comparative advantage for cotton, a renewable fibre that is highly valued for being of natural origin.
### Breakdown of EU cotton imports by origin (average over the period 2002–2006)

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Source: UNCTAD

### Market share of cotton in world consumption of textile fibres

- **US**
- **China**
- **India**
- **Pakistan**
- **Brazil**
- **World consumption**

Source: International Cotton Advisory Committee (ICAC)
Bachir Diop is Managing Director of Senegal’s textile development company Sodefitex (Société de développement et des fibres textiles), whose cotton is used in products sold in Belgium (some under the Max Havelaar label). This Senegalese is also President of the African Cotton Association, which brings together professionals from all over the continent.

The cotton sector comprises many companies and seems very scattered geographically. Can you describe the dynamics of the market players?

It’s true that this is a very fragmented market, but a process of consolidation is underway, particularly at trader level: It began during the 2008 crisis when some of them couldn’t survive on their own. One of the biggest names in the business, commodity firm Louis Dreyfus, is getting bigger and bigger and is currently in merger talks with Olam, another market heavyweight. This is not really good news for cotton-producing countries. We would prefer more competition in order to obtain better prices.

What will the economic landscape of this industry look like in the next few years?

We’re witnessing the dawn of a new era: Cotton stayed at 0.70 dollars a pound for a very long time, but as the situation changes, we can see that some countries with significant cotton production, such as China, India and Pakistan, are experiencing problems, and that cotton production is becoming even more dispersed, geographically speaking. The supply of cotton will therefore reach its limit in terms of arable land and yield, while population growth will boost demand. This should stabilise the trading price of cotton in the next few years, at a relatively high level of around 90 cents.
Soft, comfortable, tough and capable of evacuating moisture and perspiration: Clothes made of cotton tick all the boxes as far as consumers are concerned. Eighty per cent of the finished products made from this fibre are sold by the clothing sector, while the remaining 20% areretailed in the form of household linen (towels, sheets, etc.). However, despite the many advantages of cotton, the increase in global textile sales has tended to benefit synthetic fibres, which are capturing a bigger and bigger share of the market. The reasons for this shift in the balance of power mainly stem from the fact that synthetic fibres are cheaper than cotton and are often appreciated for their lightness. Consequently, whereas global per capita consumption of all textiles has almost doubled in fifty years, consumption of cotton has hardly risen at all. Worldwide, average consumption of cotton textiles is 3.8 kg per person per annum. This figure takes into account both the record consumption of Americans (17 kg per person per annum) and the consumption of developing countries, e.g. some Latin American nations (3.2 kg per person per annum). In the 1990s the inhabitants of industrialised countries were the principal users of cotton, but since 2000, retail sales have come more from developing countries.

In Belgium, the textile market players are reporting a significant drop in their turnover (-23.9% between 2008 and 2009 according to Fedustria), which – like everywhere else – is linked to the economic crisis. Yet they try to be optimistic about the future and are expecting consumption to pick up in the short term. This view concurs with the global forecasts: Over a period of ten years, final consumption of cotton should rise from 25 million tonnes in 2010 to 32 million tonnes in 2020 – unless extreme price volatility decrees otherwise.
Processing cotton

Cultivation

Harvesting

Ginning

Hand picked

Machine picked

Sawginned

Rollerginned

Raw cotton 35-40%

Seed cotton 60-65%

Waste

Textiles

Linters

Cotton seed

Yarn
Fabric/cloth
Knitted fabric
Denim
Chambray
Corduroy
Terry cloth
Seersucker
Medical products
Technical, industrial products

Quality papers
Industrial products
Polymers

Oil stearin and acid
Glycerine
Cooking fat
Cattle feed
Fertilizer
By creating organic clothing lines, the big brands have become major purchasers of organic fibre. As for fair trade cotton, a relative newcomer to the market (2005), consumption is already soaring in the West, where the recession has not caused consumers to re-examine their convictions.

**The big brands set their sights on the organic sector**

Long-standing campaigners, who advocate the use of clothes made from natural and organic fibres, would probably be surprised to learn which companies currently consume most organic cotton: in order of quantity, top names include a Belgian brand, C&A, followed by Nike, Walmart, H&M and Levi Strauss. The entry of these brands to the organic market is mainly driven by keen consumer interest in products that are less damaging to the environment and to human health. This fervour represents a powerful incentive for this sector, which has been able to survive the economic crisis unscathed. All in all, over a period of ten years, final consumption of organic cotton has increased by 40% on average. Worldwide sales of organic cotton rose by 35% in 2009, reaching 4.3 billion euros. Organic cotton consumption should continue to climb by 20-40% per annum in the coming years, boosted especially by the continued emergence of new consumer markets, such as Eastern Europe and Asia. The market will also benefit from the support of a few clothing giants – the brands mentioned above – which are expecting a stable supply in the medium or even the long term.

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**Global Retail Sales of Organic Cotton Production**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (in million US dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.245</td>
</tr>
<tr>
<td>2</td>
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<td>4</td>
<td>1.966</td>
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<tr>
<td>5</td>
<td>3.2</td>
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<td>6</td>
<td>4.3</td>
</tr>
</tbody>
</table>

Fair trade cotton: on the up and up

Despite its many virtues, organic cotton does not primarily seek to remedy the social impact of growing this crop, even though organic methods improve the working conditions of the producers: in particular, they do not have to handle hazardous products. Looking after the social dimension of this industry is more the prerogative of fair trade. Advocates of a fairer global trading system have their work cut out for them, as important social disparities remain. From the cotton field to the retailer, numerous economic operators ignore the basic rules advocated by the International Labour Organisation: The result is workers being banned from forming a trade union, failure to observe safety rules, insufficient income and unpaid overtime. However, consumers, who used to know nothing about these practices, are increasingly aware of the ethical values of the brands they buy.

Heightened public awareness of sustainability issues is nevertheless a fairly recent phenomenon: the first landmark was the documentary The Big One, in 1999, in which Michael Moore exposed the dark side of consumer textile products, notably by showing the factories where some Nike clothes were made. This was followed by a much more in-depth exposé: the bestseller No Logo: Taking Aim at the Brand Bullies, which appeared in 2000. These were just two of the factors that propelled the cotton industry into the fair trade market. Consumers want to buy products made in compliance with social responsibility standards. They signal this by making conscious purchasing decisions: fair trade cotton, despite being relatively new (five years on the market), already represented 27,573,000 products sold worldwide in 2008, which is equivalent to a 100% increase in consumption year-on-year. The global recession cut this figure by 15% in 2009 (23,346,000 products sold), but cotton’s leading position alongside other high-selling fair trade products such as coffee, bananas, tea and cocoa beans remained unchallenged.

The Belgians have moral fibre

In Belgium, sales of fair trade cotton got off the ground in 2005 with a modest €85,000 (wholesale), climbing to €1,100,000 in 2009. Belgian consumers seem to be willing to support fair trade even in a recession, if the continued growth in fair trade cotton between 2008 and 2009 is anything to go by. These figures inspire optimism, even though NGOs and consumers are now adopting a more critical attitude towards this new and seemingly noble-minded business: the Belgian association Vêtements Propres, for example, draws public attention to the fact that fair trade labelling criteria sometimes concern only a small part of the textile sector, while leading consumers to believe otherwise. Factor holding back the development of fair trade is that it remains a parallel sector, which does not stop brands from continuing to get their supplies from sweatshops, still very much in business in the developing world. These factories allow retailers to offer clothes at rock-bottom prices, reflecting the level of social standards applied.
Secretary General of the Belgian association Vêtements Propres (Clean Clothes Campaign), Carole Crabbé explains the idea of fair trade for clothes and sets out the principles advocated by her organisation.

Is it enough to buy clothes with the fair trade label for them to be “clean”?

In Belgium there are two sources of supply: firstly, clothes produced by members of the World Fair Trade Organisation (WFTO) and sold by Oxfam world shops, for example, come from networks dedicated to fair trade practices, from the cotton fibre through to the finished product. Secondly, clothes carrying the Max Havelaar label, sold in traditional commercial outlets: These garments are often presented as fair trade products, even though only the cotton is guaranteed. The subsequent stages (spinning, weaving, garment-making, etc.) are outside the scope of labelling: Max Havelaar requires the industry players to make every effort to respect workers’ basic rights. At this stage, it is more a question of managing risks than actually improving working conditions.

What kind of support does your association offer companies seeking to change their practices?

We’ve drawn up a code of conduct that makes reference to the core labour standards of the ILO. Since the early 2000s, we have set up a verification system following pilot projects with various companies. This system is called the Fair Wear Foundation (FWF), which promotes cooperation between businesses, trade unions and organisations protecting workers’ rights. There are some fifty member companies, including four Belgian. These retailers undertake to abide by the FWF code of conduct with respect to all workers in their supply chains. Together with the FWF, they prepare a gradual compliance programme and submit an annual report. The FWF verifies the management system set up by the company and checks that the programme is being implemented in factories. The report is then made public.

Can you give any key advice to businesses in the sector?

The first thing is to know the industry well; in other words, know the itinerary of the product. The second piece of advice I can give is to choose producing countries that seem genuinely willing to respect workers’ rights. Lastly, make sure that your supply practices respect workers’ rights, for example by taking into account a minimum living wage when setting prices paid to suppliers.
TRADING COTTON
The global classification of cotton-exporting countries is largely the result of the subsidies paid by the US government to American cotton farmers. This assistance handicaps southern countries, which would otherwise capture larger market shares. This debate is a key issue at the WTO cotton talks.

**Supreme rulers**

“There is no better way to understand globalisation than to examine a piece of fabric”, writes Erik Orsenna in *Voyage aux pays du coton (Journey to the Lands of Cotton)*. The author explains how these little white bolls, which cross the oceans aboard container ships, weave connecting threads between countries. Global exports actually totalled almost 8 million tonnes in 2010 – an enormous figure, even though cotton accounts for less than 1% of all goods exported worldwide. By retracing the route taken by these billions of tiny white tufts, we can identify the countries that dominate the cotton trade. With 44% of world exports, the US reigns supreme, far ahead of Uzbekistan (10%), Brazil (9%) and India (8%) (see Figure 4 below).
ÉRIC HAZARD : “THE WTO CANNOT COMPEL A STATE TO CHANGE ITS POLICY”

Éric Hazard edited the White Paper on Cotton (Diapol, 2005) and is Oxfam’s West Africa Campaign Manager.

What effect have the subsidies granted to American cotton farmers had on the world market?

Thanks to this state financial support, the US remains the world’s third largest cotton producer and holds a market share that could benefit others. If these subsidies didn’t exist, the Americans would produce less cotton and would concentrate instead on growing other crops. It’s not the subsidies in themselves that cause a problem, but the fact that the governments of southern countries – particularly in Africa – don’t have the resources to finance their farmers. Moreover, the WTO* advocates the liberalisation of trade. Yet the very ones behind this idea – the US and Europe in particular – do exactly the opposite of what they are calling for.

How is this debate developing?

During the past few years, some countries have demanded that the international trade rules should be equitable for all. In particular, Brazil took legal action against the US through the WTO on this issue of subsidies. The case was heard by the Dispute Settlement Body, which found against the US for the first time. The US appealed but the ruling was upheld. As for the African countries, they didn’t mount an attack initially, partly because of the importance of their trade and political relations with the US. When they eventually decided to do so, it was too late from a legal point of view. In the end, the victory of Brazil did not directly benefit the Africans.

Why not?

Brazil used the WTO’s decision to defend its own commercial interests with the US, rather than get American practices changed and obtain measures that would have been useful to the African states. This injustice also stems from the fact that the findings of the WTO’s Dispute Settlement Body are not binding: This body merely gives recommendations, but cannot make a decision obliging a state to act. To be more specific, let’s say that the WTO gives the complaining country the means to protect itself with trade retaliation measures; on the other hand, the WTO cannot compel a state to change its policy to make it compatible with WTO rules. It’s a serious fundamental problem.

* WTO: World Trade Organisation
The supremacy of the Americans – who are yet only the world’s third biggest producers – stems from their tendency not to process the raw material themselves, preferring instead to export a large portion of their crop to other countries offering cheap labour. That said, the downturn in production in the US suggests that American exports should likewise drop naturally in the medium term. As for India, it tripled its exports before the global recession and is ambitiously pursuing a proactive policy, encouraging Indian farmers to plant cotton. The proximity of the Chinese market gives it a huge advantage. Brazil, too, has decided to invest in this sector and has just gained the upper hand for the first time over West and Central Africa, in terms of exports. The Horn of Africa nevertheless remains an important player in this market. On the African continent, the four main cotton exporters (Burkina Faso, Mali, Benin and Chad), known as the C4 group, are particularly dependent on this trade, as it represents an average of 6.5% of their gross national product (GNP), and 33% of their export income. Cotton is therefore a vital sector: to give an example, 300,000 farmers in Burkina Faso grow this crop, but a total of three million people derive their income from it either directly or indirectly.

REGULATIONS AND INTERNATIONAL TRANSACTIONS

What criteria should be used for quality control of cotton during a transaction? At what stage of the process should the goods be weighed? How long can a purchaser wait before making a complaint? These are the kinds of questions that need to be addressed in detail in the buying and selling regulations on which operators in the sector rely. However, the Europeans have not managed to adopt a single set of harmonised rules, as they have done for coffee, for example. Several private regulation systems are therefore in existence, any of which can be used to regulate cotton trading, and importers and exporters wishing to trade must opt for one of these before drawing up a contract. The Liverpool system, supported by the International Cotton Association, is used for more than 60% of the world’s transactions. Others do exist, though, and are in widespread use, such as the European Cotton Rules, promoted by the Belgian Cotton Association and by a few other European organisations, mainly Spanish and French. The private regulation systems greatly facilitate the task of professionals, providing them with a widely known common base. This helps reduce the content of contracts to essential information (place and date of delivery etc.), sometimes taking up just a few pages, even when the quantities sold are huge.
The complaints of southern producers

This distribution in cotton trading mainly results from the dismantling, at the end of 2004, of the Multi-Fibre Arrangement, under which quotas were imposed. In so doing, the WTO played a part in liberalising the market and facilitated the sharp rise in cotton consumption in China. The “world’s factory” was at last able to make the most of its advantage in terms of processing. Although China is still a major cotton producer, the consumption of its mills is so high that 20% of the raw cotton used has to be imported. The US is China’s main supplier, but how can American cotton be so competitive? This market domination is the result of the US government’s unwavering support of the cotton industry, in the form of generous farm subsidies. It is estimated, for example, that between 1999 and 2002, the amount paid out to American producers was $12 billion, while the crop was worth barely $14 billion over the same period. Today, these subsidies still represent $24.5 million annually. Under these conditions, other exporters accuse the US of destabilising the world market. This balance of power has therefore become a strategic topic of discussion at the WTO cotton talks.

Southern producers are continuously forever drawing the World Trade Organisation’s attention to the impact of US subsidies: They themselves do not have the financial resources to compete on those terms and can only suffer the effects of the drop in cotton trading prices. Europe does nothing to sort out this situation; it, too, generously subsidises EU cotton farmers, but its actions attract less criticism, as the quantities produced are so low and have little effect on the market. Having said that, in the absence of real commercial regulation, brands and consumers have another way of letting justice prevail to some extent: They are increasingly turning to fair trade cotton, bought at a price based on the actual costs of production rather than on market price. The production of cotton sourced from fair trade and organic farming is clearly showing an upward trend, as is trade. Despite that, this more sustainable cotton is still too marginal to appear in international statistics. This is a gap that ought to be filled: These two markets are only in their infancy and should gain an increasing share of global exports, judging by the keen interest of consumers in rich countries, and of brands.
THE DECLINE IN BELGIAN AND EUROPEAN IMPORTS

Like the rest of Europe, Belgium has been reducing its raw cotton imports for the past twenty years or more, while the finished products come flooding into the country in increasing quantities: China has gradually conquered this market by eliminating the customs barriers and cutting the cost price.

A downward trend...

Belgium imported nearly 10,000 tonnes of raw cotton in 2009 – a figure that alarms industry observers, who have seen imports decrease fourfold in just five years. The textile industry, which currently provides 27,000 direct jobs in Belgium, has slimmed down drastically, shedding 2,500 jobs in 2008 and a further 1,500 in 2009. This stunning downturn, linked to the recession, is in fact only the most recent manifestation of the decline of the Belgian and European textile industry. Another brutal event had already disrupted trading a few years earlier: the entry of China into the global market in 2005, when the Multi-Fibre Arrangement was dismantled. The volume of imports of textiles (finished products) to Belgium then rocketed by 250%. In other words, the task of processing textiles was relocated en masse to China. We have to go even further back, however, to the 1980s, to trace the start of this phenomenon: In twenty years, imports from China have multiplied tenfold.

...in a tense market

Economic trends suggest that the Belgian textile industry began to rally in 2010, but new threats are already looming. There was an unprecedented leap in prices due to growing problems with supply. European firms had to cope with reduced availability of raw materials, all the more glaring given the fact that the major industry players, such as China, are willing to pay the full price for cotton to supply their factories. Others, like India, have simply banned exports of cotton for a while in order to give priority to feeding the domestic manufacturing industry. The blockage created is a source of complaint for India’s neighbours (Pakistan, Bangladesh, China), but also for Belgian importers: They, too, have to supply their cotton mills and other finishing or garment-making facilities, even though these factories account for less than 5% of industrial employment in Belgium.
In order of importance, Belgium's main suppliers are Kazakhstan, Syria, Turkey, the US and Uzbekistan. Although African countries do not yet feature in this primary partner list, they are undeniably gaining ground in terms of market share: For example, there has been a fivefold increase in Belgian imports from Mali, in just two years. This trend is directly due to the priority development of the organic and fair trade cotton market on the African continent. Irrespective of the geographical origin of the cotton and the circumstances surrounding its production, the tension prevailing in the international market should have a direct impact on the wallets of European consumers: Situated at the end of the supply chain, they might have to pay more for their clothes and, in the case of a product as classic as a pair of jeans, up to as much as 25% more. At that price, consumers will perhaps be less interested in keeping up with the latest trends in the fast-changing world of fashion.

COTTON TRADING IN A VOLATILE MARKET

How can a Chinese buyer or an Egyptian or American cotton farmer know the average price of cotton? To ensure a degree of commercial consistency, the industry players all refer to the same price index, known as the “Cotlook Index” because Cotton Outlook calculates it. This British company takes an average of quotations from several sources and communicates its estimate in US dollar cents per pound of cotton. Based on this, two indices are calculated depending on the length of the fibres (staple length): “Index A” gives the average price of short-staple cotton and “Index B” corresponds to the price of long-staple cotton.

In the past few years, whichever index is considered, the movement of world prices for this commodity was hardly more predictable than the trajectory of a cotton boll floating in the wind. Having fallen from $0.68 per pound in 2003-2004 to $0.52 in 2004-2005, the index rose to $0.73 in 2007-2008, only to drop back again to $0.61 in 2008-2009. But it was in 2010 that these little white tufts were vehemently shaken by the tempestuous wind blowing through the markets. After rising almost continuously since April 2009, cotton prices reached their highest level since 1995: on 29 September 2010, the Cotlook A Index peaked at $1.15 per pound of cotton, 80% higher than one year earlier! This exceptional surge in price is mainly due to a series of events: In 2009-2010 cotton consumption recovered after the crisis, while supply was very low. This shortfall in supply was largely due to the catastrophic floods that struck one of the major cotton producers: Pakistan. The situation should settle down as the high prices encourage farmers to switch back to cotton production. As the history of cotton shows, this does not necessarily mean that it is safe from the next storm that may be brewing.
ORGANIC AND FAIR TRADE CERTIFICATIONS

THE SYSTEMS DESCRIBED BELOW, WHETHER THEY ARE CATEGORISED AS OFFICIAL LABELS OR PRIVATE CERTIFICATIONS, HAVE ONE THING IN COMMON: THEY ARE ALL SUBJECT TO INDEPENDENT AUDITING. HERE IS AN OUTLINE OF HOW THEY WORK AND THE GUARANTEES THEY PROVIDE.

Fair trade guarantee systems

Max Havelaar
Sporting an eye-catching green, black and blue logo, Max Havelaar is the most common fair trade certification in the clothes business. Based on the observation that movements in cotton prices do not guarantee small-scale producers a decent income, Max Havelaar aims to offer them fairer, more regular and more stable prices, as well as better working conditions. This trademark relies on a range of mainly social and economic criteria, compliance with which is guaranteed by an independent certification body. That said, the Belgian association Vêtements Propres (Clean Clothes Campaign) warns consumers about some potential areas of confusion that may lead people to believe that this certification covers all stages of the production process. In actual fact, only cotton production is guaranteed fair trade. Among the producers’ associations that meet the requirements of Max Havelaar, the Communal Union of Cotton Producer Cooperatives, in Mali, offers a good example of what fair trade can mean to farmers. Apart from an income 70% above normal, these fairer trading rules have enabled them to dig wells, build a health centre and improve their literacy programmes.
To find out more: www.maxhavelaar.be

World Fair Trade Organisation (WFTO)
Formerly called the International Fair Trade Association (IFAT), this organisation defends fair trade values, such as banning child labour, setting fairer wages, improving the quality of life of small-scale producers and ensuring transparency towards consumers. The membership of this association, which brings together fair trade operators from around the globe, includes companies at each stage of textile production, thereby ensuring that its principles are upheld throughout the industry. On the other hand, however, the WFTO only provides very limited control of its members’ practices, as monitoring is based on self-assessment by the producers. The Agrocel network in India perfectly illustrates the profile of WFTO members: this fair trade cotton cooperative provides its producers with not only a decent livelihood, but also a fair trade subsidy and practical support to ensure the economic stability of the cotton farmers.
To find out more: www.wfto.com
**Organic certifications**

**Demeter**
Managed and mentored by the Demeter association, this certification identifies cotton grown using biodynamic farming methods. It has much in common with organic farming, but incorporates other principles such as crop treatment based on the use of medicinal plants. Similarly, the rhythms of nature and the position of the planets have an important place in the sowing and planting calendar of farmers practising biodynamic agriculture. Lastly, mechanical harvesting of cotton is authorised only under certain conditions, with manual methods being encouraged. As for the textile processing stage, Demeter sets its requirements at the same level as the Naturtextil Best certification, banning, for example, mercerisation (treatment with caustic soda to make the fibre swell) and the use of dyes containing copper, even in the lowest concentration. Obtaining the label is not dependent on compliance with social criteria. One of the associations of cotton farmers who comply with the Demeter requirements and supply the Belgian market is the Sekem cooperative based in Egypt.

*To find out more: www.demeter.net*

**GOTS**
The Global Organic Textile Standard (GOTS) was created on the initiative of the International Association of the Natural Textile Industry, the Soil Association, the Organic Trade Association and the Japan Organic Cotton Association. This private certification comprises two grades: the stricter grade requires that 95% of the cotton used to make textile products should come from organic agriculture. The other, more tolerant grade accepts a minimum of 70% certified organic cotton. The certification also covers the processing and manufacturing stages and prohibits, for example, the use of aromatic solvents and formaldehyde. Social criteria complete the picture, even though they are not a priority of the GOTS: they basically refer to the key norms of the International Labour Organisation. In 2008, GOTS replaced the EKO sustainable textile label, which no longer exists. The Assisi group of organic producers, based in the Indian province of Maharashtra, is one of the organisations that comply with the criteria of the Global Organic Textile Standard.

*To find out more: www.global-standard.org*

**Naturtextil**
The International Association of the Natural Textile Industry (IVN) issues this organic certification, which is found on both household linen and clothing. The quality standards cover every stage in the logistic chain, from cotton growing to the finishing process. At least 95% of the textile used to make a quality-labelled product must be of certified organic origin. At the washing stage, the use of chlorine and ammonia is prohibited, as is the use of dye-tuffs containing heavy metals. This certification is presented to consumers in two different forms, corresponding to two distinct grades. The first, simply called Naturtextil, adheres to all the principles just mentioned. The second, Naturtextil Best, has stricter requirements: it applies to garments with 100% certified organic fibres in the textile fabric, and even the embroidery yarns, labels, elastic bands and other small accessories used are 100% natural. Despite its name, which suggests the priority given to environmental principles, this certification also guarantees that certain social standards are met to ensure worker protection: no forced labour, a minimum living wage and the right to join or form trade unions.

*To find out more: www.naturtextil.com*
Biogarantie
Administered by several associations of farmers, processors and retailers, this quality label promotes products of certified organic origin. Household linen, decorative fabrics, rugs and clothes – any product containing organic cotton is eligible to display this certification. Besides guaranteeing the use of at least 70% raw materials sourced from organic farming, the little black stamp used as the Biogarantie logo bears witness to the compliance with environmental practices throughout the production process. Processing must limit energy consumption to an absolute minimum, treat water and reuse it, as well as avoid the use of additives. Similarly, GMOs are strictly prohibited at every stage of the production process. Although environmental aspects are the dominant feature of this quality label, it also includes social criteria, such as freedom to join or form trade unions, maximum permissible amount of overtime and a minimum age of 15 for workers right across the sector. Nowadays, the Biogarantie certification is applied by just one clothing brand, De Geest, which sells trousers, shorts, shirts and T-shirts bearing the black Biogarantie logo.

To find out more: www.biogarantie.be

Environmental certification

European ecolabel
The award of this label guarantees compliance with 40 environmental criteria that go beyond raw cotton, extending to the entire life cycle of a garment, from the harvesting of raw materials through to fibre cleaning, fabric dyeing and disposal. The distinctive flower logo is a clear signal to consumers that water use is limited during manufacture, printing pastes do not contain any harmful substances and products are made to last rather than be disposable. Note, however, that this quality label does not mean that a garment is made of natural fibres, as it also covers synthetic textiles. Similarly, it should not be confused with an organic label, since – when it is displayed on a cotton garment, for example – it does not guarantee certified organic origin.

To find out more: www.ecolabel.be

Corporate commitment

Better Cotton Initiative
The BCI association aims to promote measurable improvements in the key social and environmental impacts of cotton cultivation. It brings together stakeholders across the cotton sector, as well as NGOs such as the WWF and multinationals such as H&M and Ikea. Drawing on a multi-stakeholder consultation process, the BCI developed a support system (not a certification) comprising production criteria, a farm assessment procedure and monitoring mechanisms to measure progress. At the same time, the association set up a supporting communications platform to provide guidelines on best practices, as well as a document kit to enable members to communicate to others about the initiative. Efficient use of water, soil protection and reduced pesticide use are just some of the environmental recommendations of the BCI, which also promotes decent working conditions and a fair wage. Today, the BCI works with cotton farmers in four main regions: West and Central Africa, Brazil, Pakistan and India.

To find out more: www.bettercotton.org
Transversal certifications

Ecocert EFT

Ecocert fair trade in the spirit of solidarity and responsibility, such is the message behind the certification set up by Ecocert. In launching the EFT guarantee, this inspection body, which generally worked for other labels, wanted to have its own certification and its own standards. The emphasis is on striking a balance between the social and environmental aspects that this label embodies. EFT claims to be very complete and includes requirements as diverse as compliance with organic farming standards, protection of biodiversity, energy efficiency, a ban on child labour, the payment of decent wages and voluntary investment in solidarity projects. Ecocert also gives priority to transparency and guarantees that consumers are kept fully informed about geographical origin and pricing, for example. One of the main EFT-certified cotton suppliers is Biocoton, which brings together 72 Indian producers. Each complying with the required environmental and social standards, they organised themselves into an association. Their prices include a subsidy for setting up projects to help the local community (school-building programme, sanitary facilities, etc.).

To find out more: www.ecocert.fr/-ESR-Equitable-Solidaire-.html

Made by

Founded by the Dutch NGO Solidaridad, this certification aims to offer a comprehensive guarantee, both environmental and social, covering several stages of the production process, in particular cotton growing, spinning and garment making. The logo in the shape of a blue button guarantees that MADE-BY garments are made of organic cotton and that the clothing companies respect a code of social conduct consistent with the principles of the International Labour Organisation: workers’ health is not endangered, workers have the freedom to join a trade union and they receive a decent wage. One of the farmers’ communities that supply organic and fair trade cotton for MADE-BY certified brands is called Mahima Organic Cotton. This group of farmers in northern India comprised just 300 families in 2000, but has expanded considerably and currently has 1,500 families. They all underwent training to revive traditional techniques without the use of herbicides or pesticides, and then began to put what they had learned into practice daily to enable them to convert to organic farming. Note that brands affiliated with the MADE-BY label all use organic cotton, like that produced by Mahima Organic Cotton, but this does not mean that their clothes are made of 100% certified organic cotton. Some have not yet reached this percentage, and are merely making efforts to use an increasing amount of organic cotton.

To find out more: www.made-by.nl
CONCLUSION

COTTON: A REAL HEAVYWEIGHT

Examining a boll of cotton from all sides and observing the cotton industry from field to shelf suggests that this fibre is not as soft and inoffensive as it might appear at first sight. Pollution, depletion of groundwater, damage to workers’ health, poor working conditions and harmful subsidies all represent dark stains that sully cotton’s pristine whiteness. The terms “exports”, “imports” and “international trading prices” help distance us from these problems, yet they have an impact on the daily lives of hundreds of thousands of people. Thanks to globalisation, however, consumers can influence the laws of this market. Are we in favour of making widespread use of GM seed and pursuing intensive farming? Or, quite the opposite, do we want to encourage organic cotton farming on a human scale? Are we going to seize the opportunity that fair trade offers us to promote a fairer cotton industry? This brochure does not just present a snapshot of this strategic market; it gives us the necessary tools to respond to these questions and sustain a trade that is more socially and environmentally responsible. Having a better understanding of what is happening on the global cotton scene, at the agricultural, industrial and political levels, enables us to assess the full significance of this sector, which can be so vital to certain countries. Working out the balance of power underpinning the distribution of roles across this industry helps us to assess initiatives undertaken by NGOs, quality labels and other stakeholders. These steps enable each and every one of us to ensure that we put our weight on the cotton scales. Our choices are like those fluffy cotton bolls: individually they may seem insignificant; but once packed into one of those 220 kg bales that ply the commercial routes, they represent a decisive counterweight – and a force to be reckoned with.
Belgium, and Europe in general, is one of the favourite markets in the cotton industry. Below is a list of the main organisations bringing together the key market players.

**Fedustria**  
Allée Hof-ter-Vleest 5/1  
BE - 1070 Brussels  
Tel.: +32 2/528.58.11  
info@fedustria.be  
www.fedustria.be  
The Belgian Federation of the Textile, Woodworking and Furniture Industries (Fedustria) represents the interests of textile companies, whatever their role in the production chain: finishing, spinning, garment-making, etc. Its website provides a comprehensive overview of key organisations in the sector.

**Creamoda – Belgian fashion**  
Lelegaarde 22  
BE - 1731 Zellik  
Tel.: +32 2/238.10.11  
info@creamoda.be  
www.creamoda.be  
Interested in finding a retailer, a partner abroad or an importer? Do you need to draw up a contract? These are just some of the areas where Creamoda can help its members.

**Louis Dreyfus Cotton International**  
N.V. Arenbergstraat 21  
BE - 2000 Antwerp  
Tel.: +32 3/203.66.00  
www.louisdreyfus.com  
Louis Dreyfus Cotton International is a leading cotton merchandiser, like Olam, the company mentioned below.

**Olam International Limited**  
11-02, Suntec Tower 2  
9 Temasek Boulevard  
Singapore 038989  
Tel.: +65 63394100  
www.olamonline.com  
Olam International Limited is a leading cotton merchantiser, like Olam, the company mentioned below.

**Eurocotton**  
24 rue Montoyer - POBox 13  
BE - 1000 Brussels  
Tel.: +32 2/230.32.39  
michele.anselme@eurocoton.org  
The Committee of the Cotton and Allied Textile Industries defends the interests of the national federations of European countries active in this sector, especially towards the EU institutions.

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**Publications and articles**

- The market for organic and fair-trade cotton fibre and cotton fibre products, Food and Agriculture Organisation (FAO), 2009.
- Voyage aux pays du coton, petit précis de mondialisation, Érik Orsenna, Fayard, 2006.
- Overview of labels for organic cotton, Centre for the Promotion of Imports from Developing Countries, 2008.

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**Websites**

- International Cotton Advisory Committee  
  www.icac.org
- United Nations Conference on Trade and Development  
  www.unctad.org
- Organic Trade Association  
  www.ota.com
- Global Organic Cotton Community Platform  
  www.organiccotton.org
- Technical Centre for Agricultural and Rural Cooperation  
  http://agritrade.cta.int/
- Association Vêtements Propres Belgique  
  www.vetementspropres.be
- Max Havelaar Belgium  
  www.maxhavelaar.be
- World Fair Trade Organisation  
  www.wfto.com
Trade for Development Centre

The Trade for Development Centre is a programme of BTC (Belgian development agency) to promote fair trade, sustainable trade and Aid for Trade.

This Centre has three main missions:

Centre of expertise

- It is the centre of expertise on Aid for Trade, fair trade and sustainable trade. It collects, analyses and edits information (opinion polls among consumers, market studies...).
- It coaches a working group of the “Business for Development” platform, which supports the private sector.

Support to producers

The Trade for Development Centre supports producers’ organisations. It supports marginalized producers, micro and small enterprises as well as social economy projects that are embedded in Fair Trade or sustainable trade.
- Strengthening of organisational, technical and productive capacities
- Transmission of relevant information (about the markets, existing certifications...)
- Advice in strategic marketing and market prospection.

Raising awareness

The Centre sets up campaigns and develops awareness-raising tools for consumers, economic actors and Belgian authorities.
- Fair Trade week
- Presence at different exhibitions, fairs
- www.befair.be Internet site