

# Future of Organic Cotton in Latin America Strategy Meeting at the OCRT in Washington

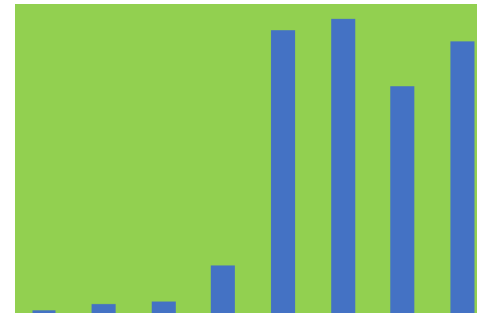
October 12, 2017



A discussion on Latin American's possibilities of increasing its involvement in organic cotton cultivation and processing represents a wide field, impossible to cover within the give frame work. I therefor suggest that we limit our discussion to the following topics



Role of industry



Organic cotton market

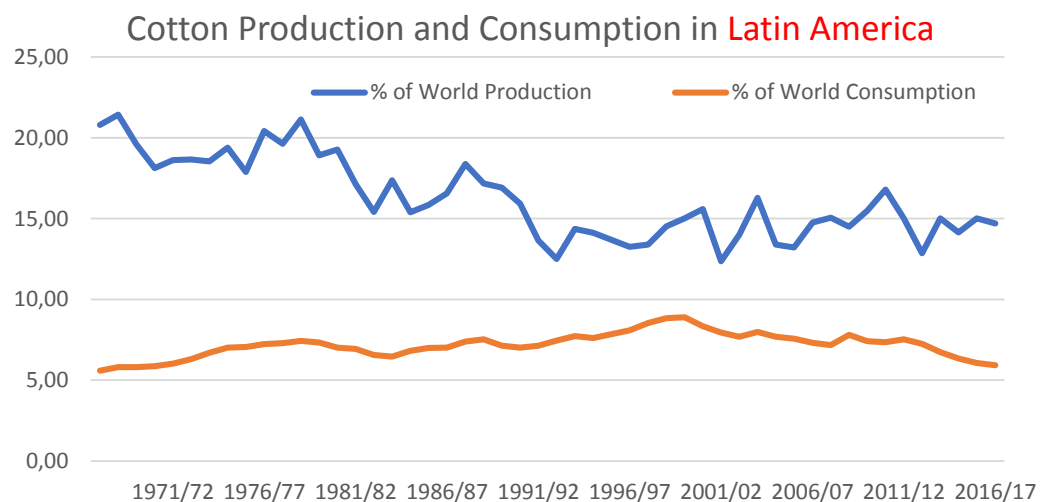
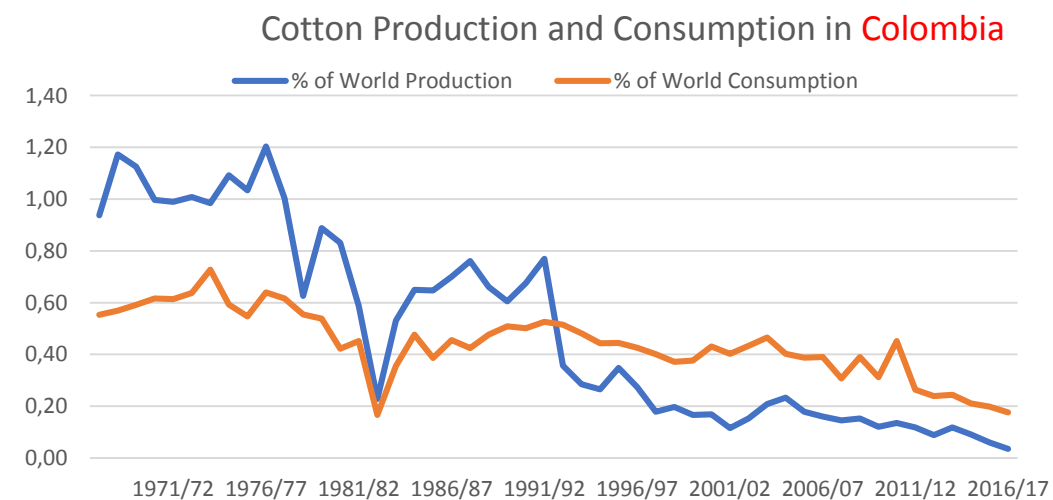
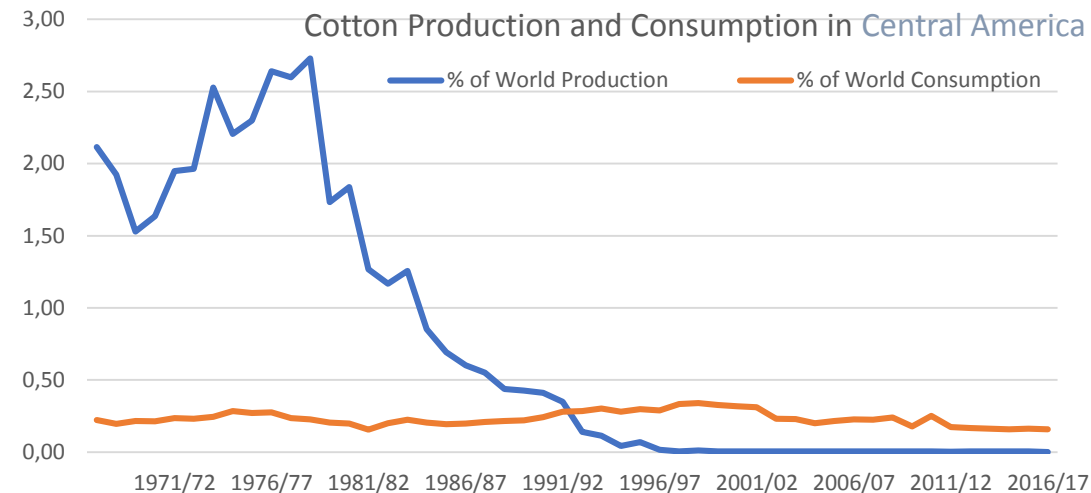
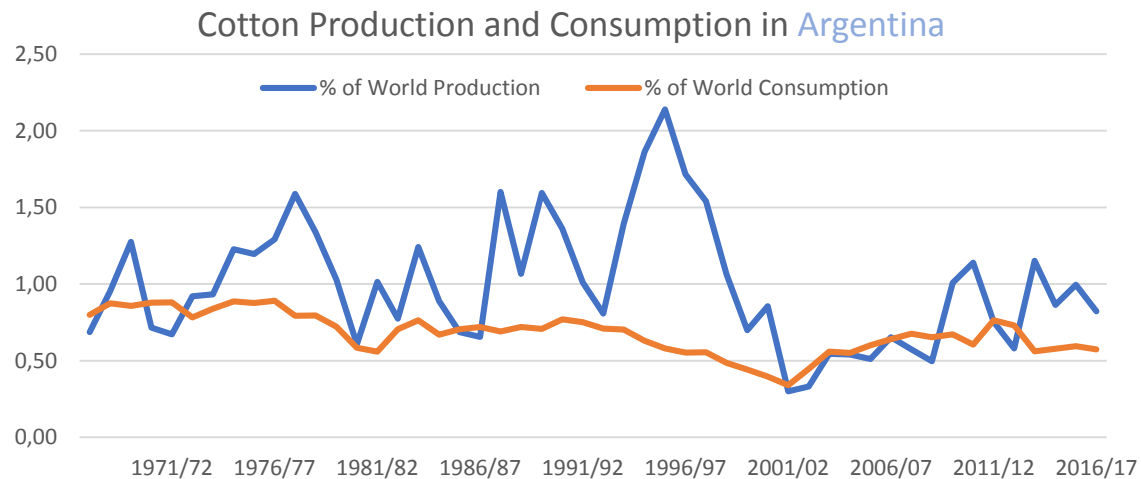


Replicating Brazil?

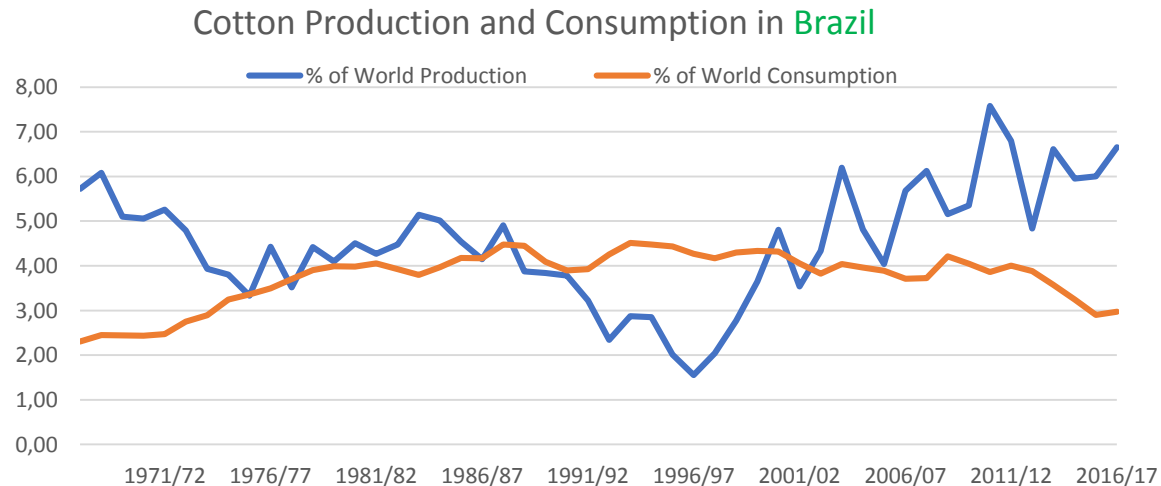
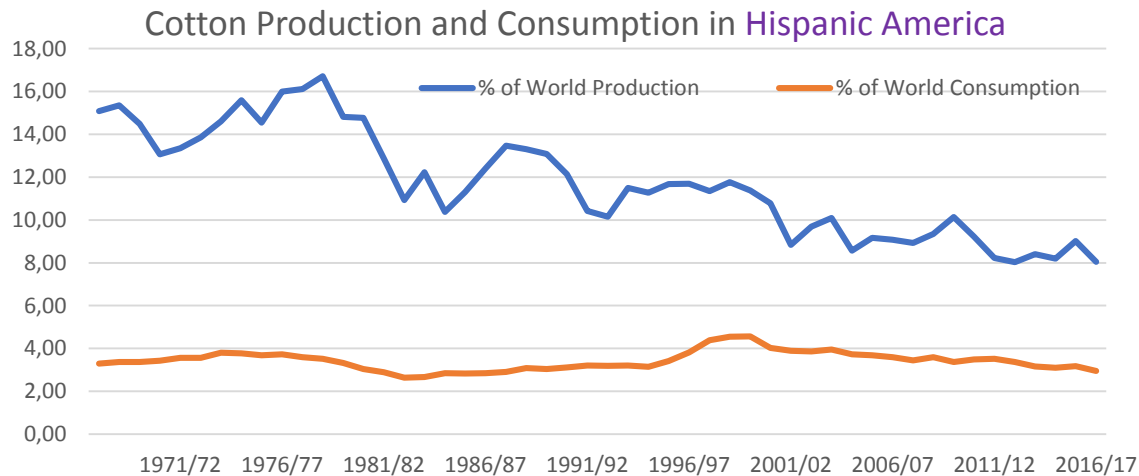


Family farming in Latin America

# Role of Industry - Cotton Production and Consumption - Countries and Regions



## Role of Industry - Cotton Production and Consumption - Countries and Regions



Does cotton production has to be towed by the textile industry of its country o a region in order to be successful?

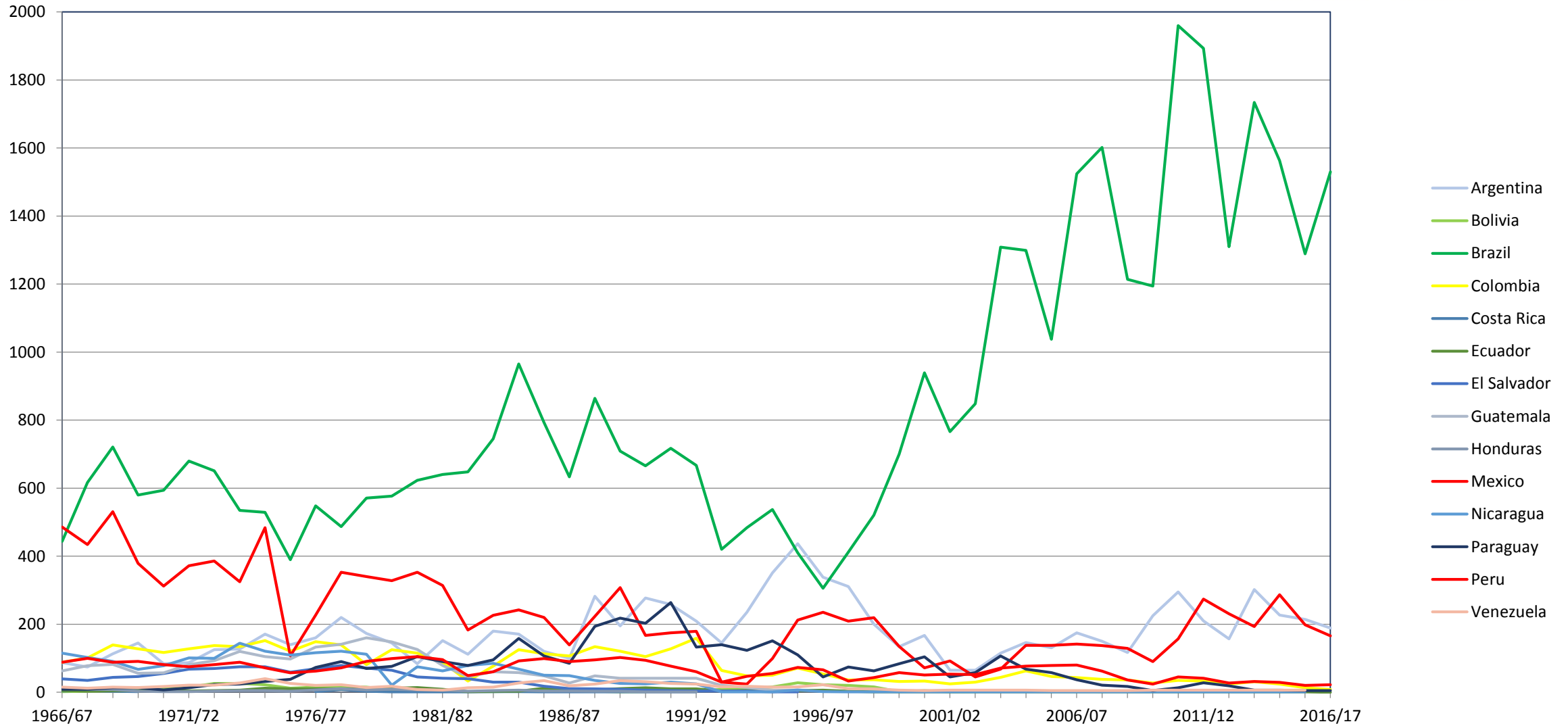
If so

- How should we go about it?
  - Lobby for governmental support?
  - Form interest groups within the entire value chain?
  - Search for foreign investment and technical assistance
- Who takes the initiative?

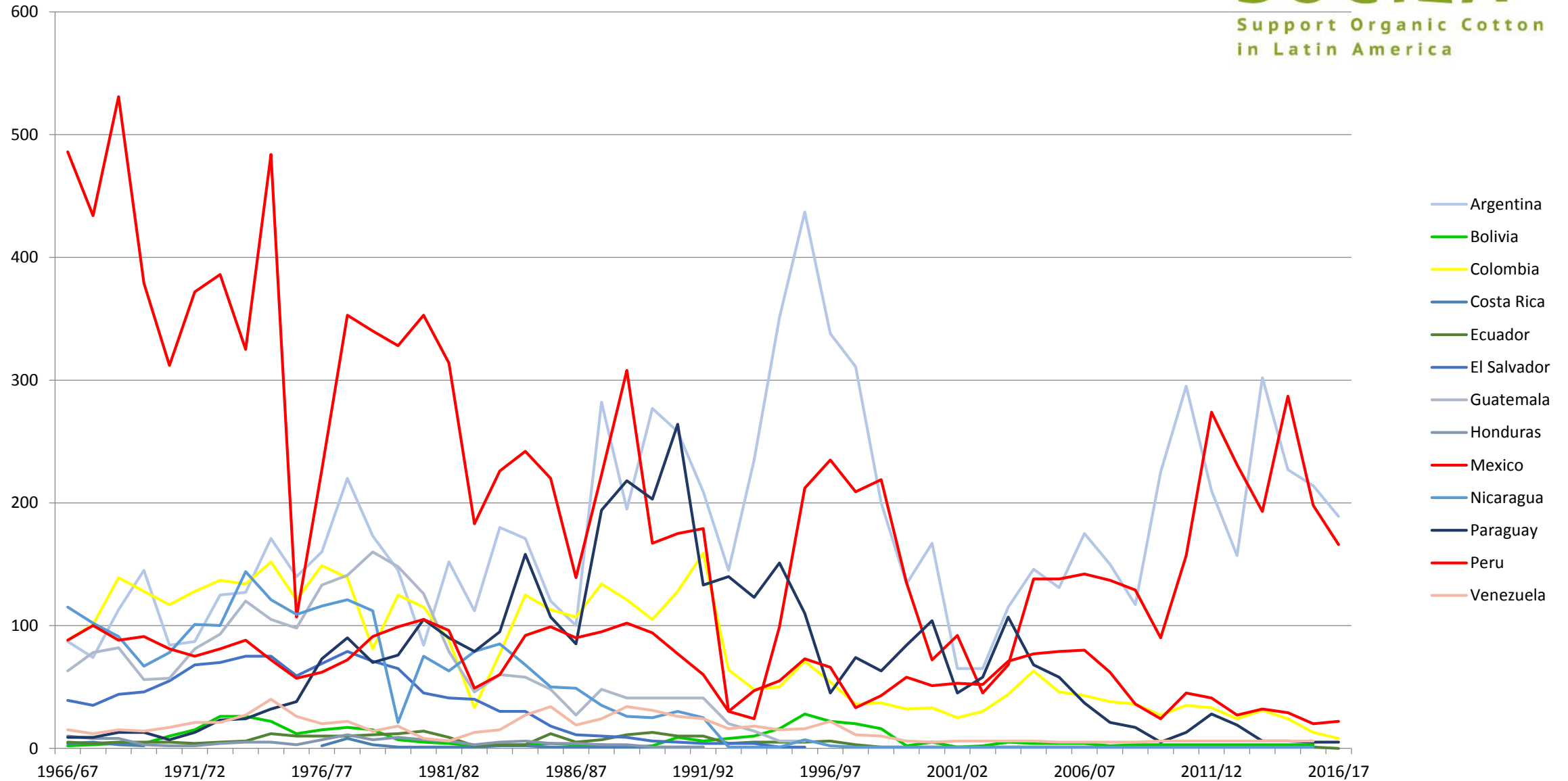
**Discussion point 1:**

**Reaching to industry and brands?**

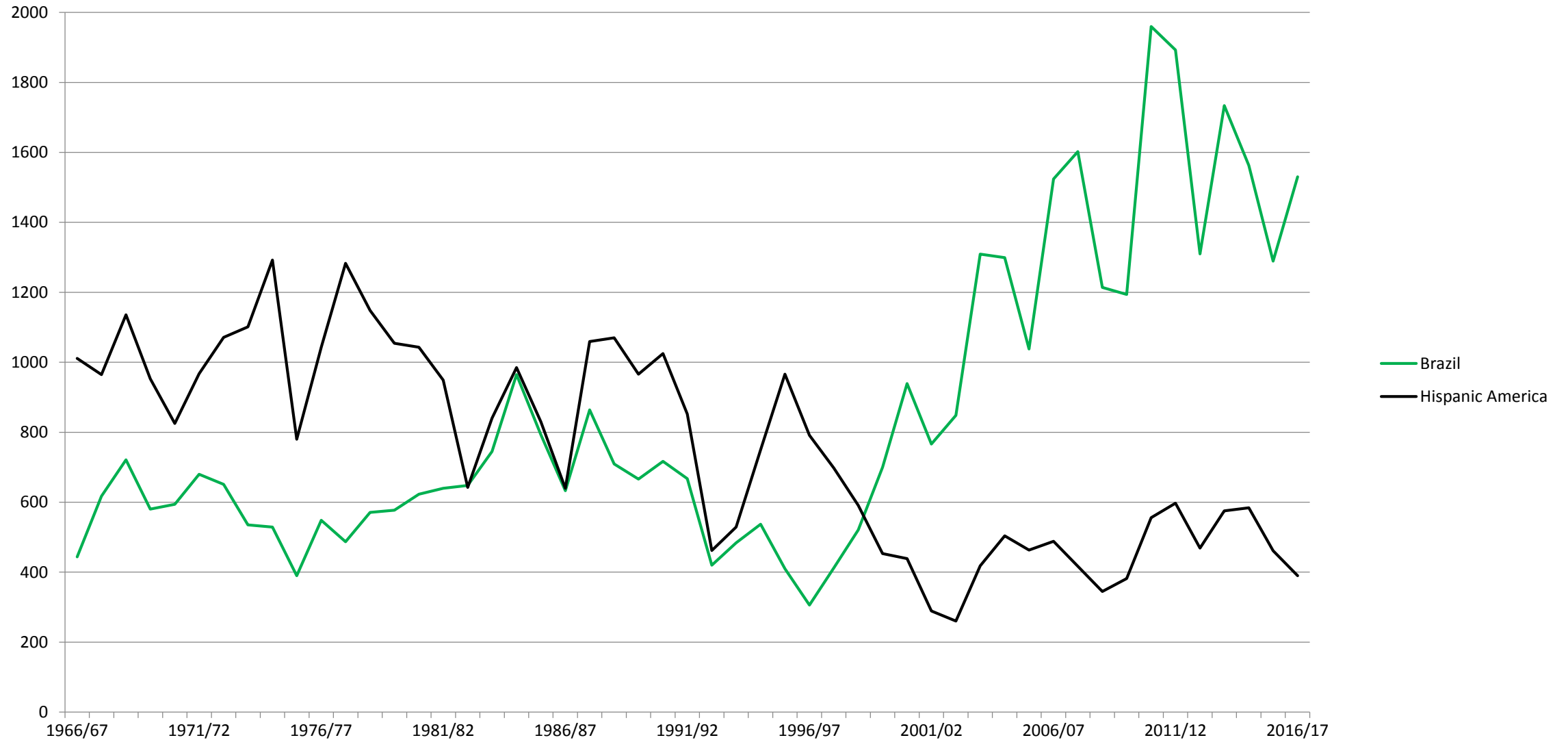
# Cotton Production in Latin America (1000 t)



# Cotton Production in Hispanic America (Spanish speaking countries of Latin America) (1000 t)

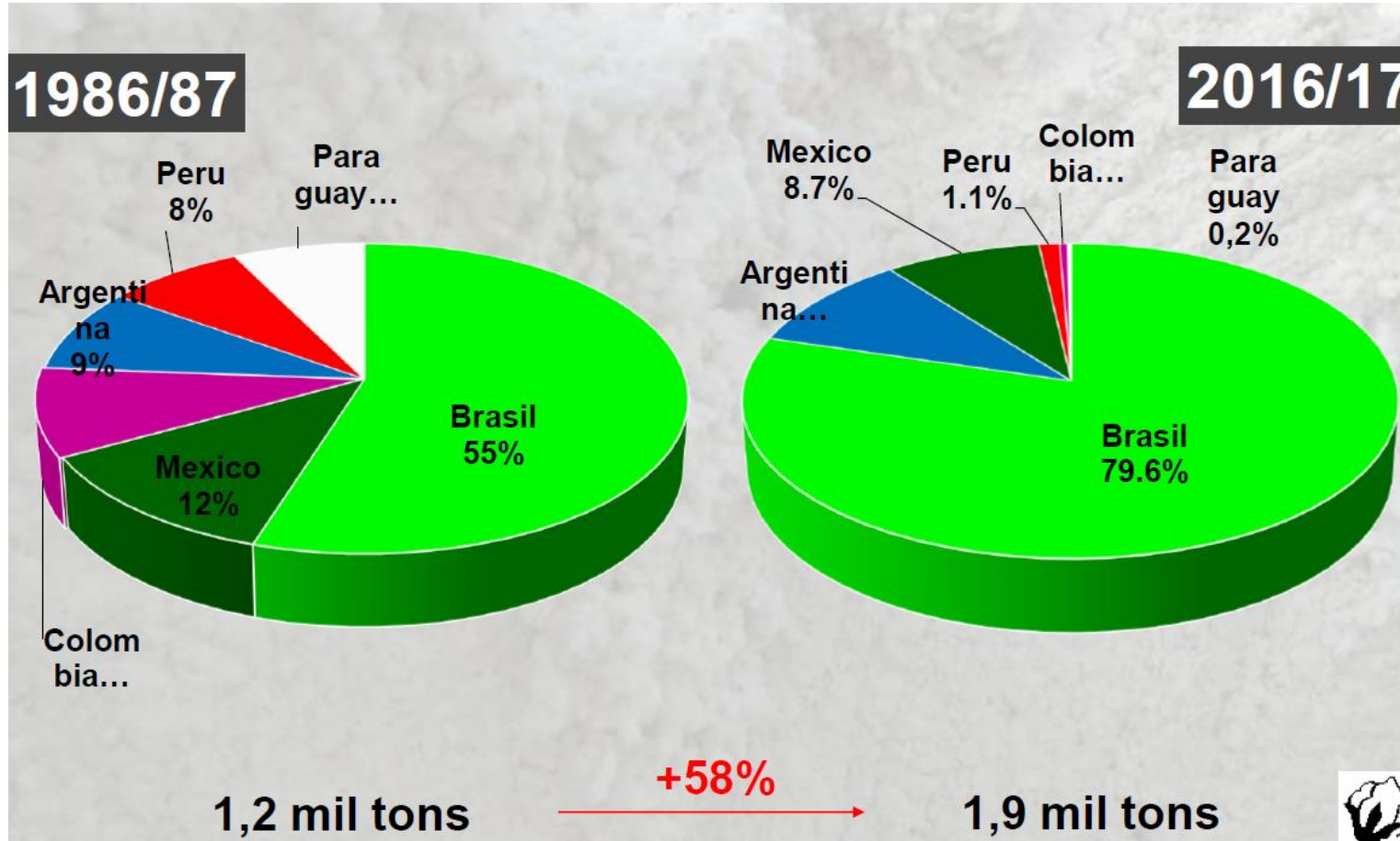


# Cotton Production in Brazil and Hispanic America (1000 t)



## What can Hispanic America learn from Brazil?

Slide presented by Lorena Ruiz during the recent Brazilian Cotton Congress

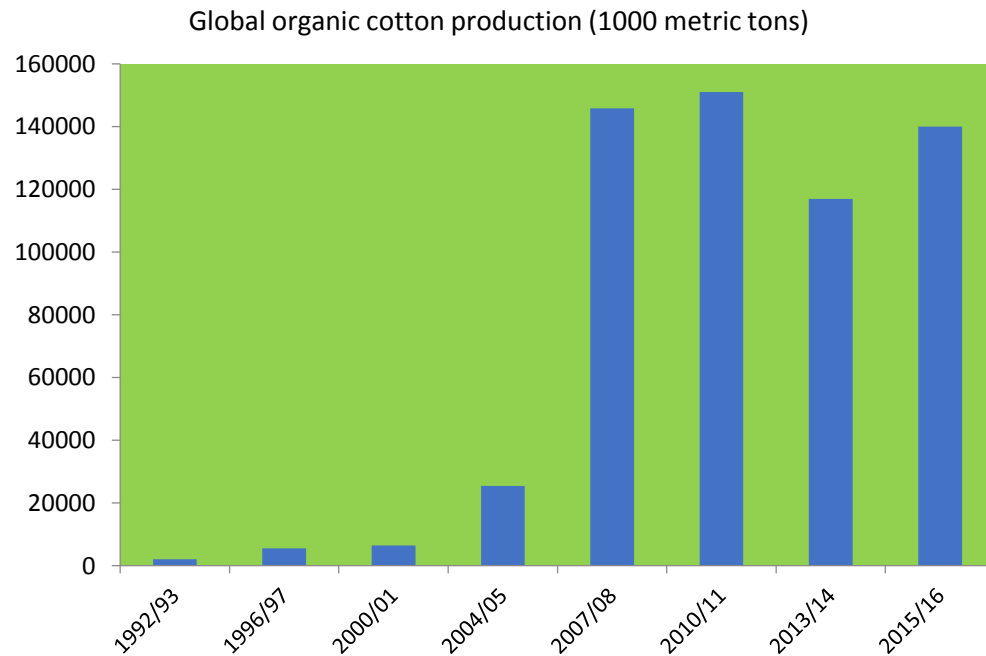


In the last 50 years cotton production increased by 200% in Brazil while it decreased by 50% in the rest of Latin America !!

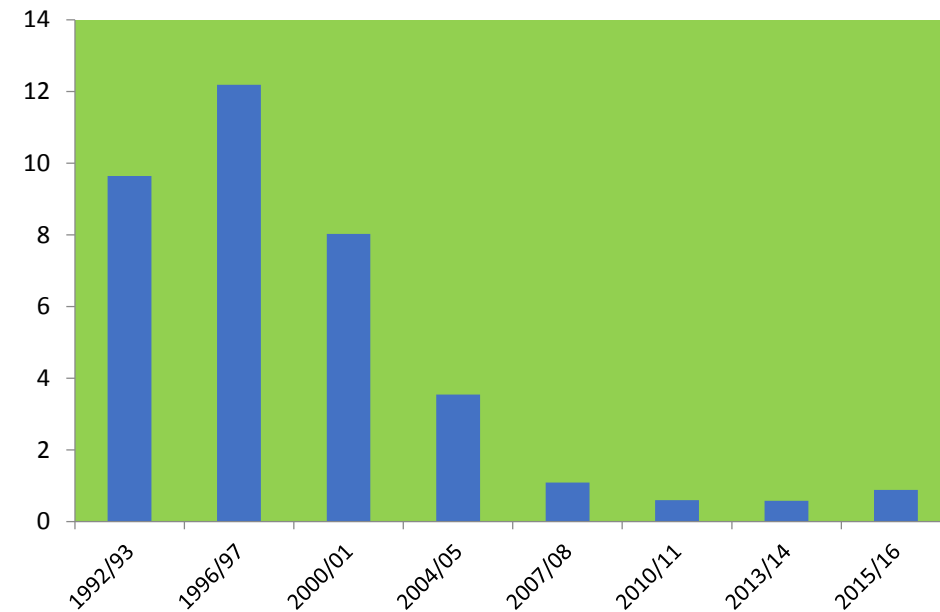
- What have Brazilians done differently?
- Can the rest of Latin America copy their case?
- What inputs would that require?
- A case for the ABC/FAO Project?

**Discussion point 2: Replicating the Brazilian Success?**

## Development of organic cotton production in Latin America



Latin American organic cotton production as percentage of global organic cotton production



Compiled by A. Grisar based on data of Textile Exchange (TE) and the International Cotton Advisory Committee (ICAC)

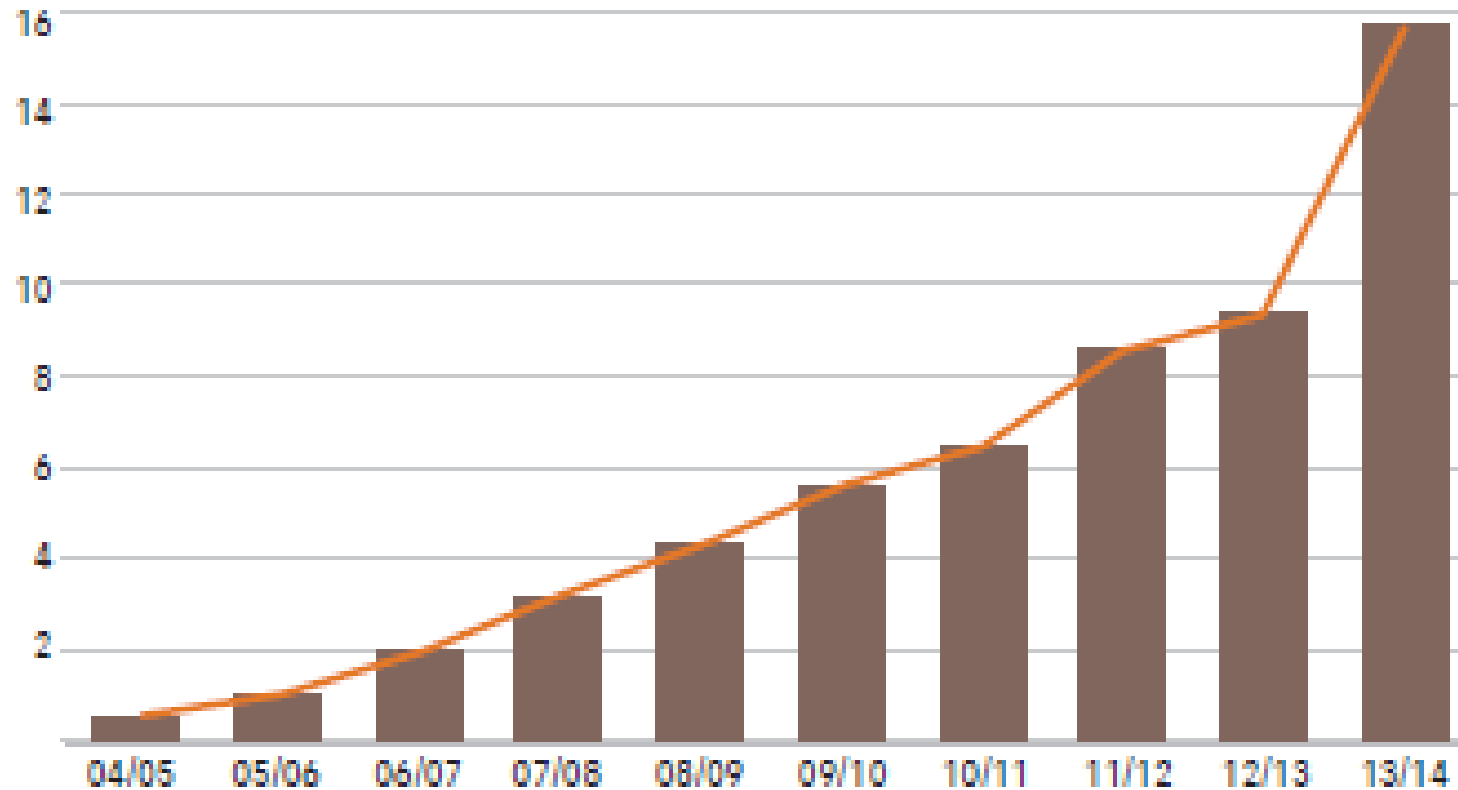
Production of organic cotton in Latin America in the season 2015/16 amounted to a total of 1233 mtons (0,9% of global production), of which 1212 mtons where produced in Peru and 21 in Brazil



## Global organic cotton market value trend



### Market Value Trend (USD/billion)



These figures as reported in the in TE's 2014 organic market report represent an **average yearly growth of 50.3%**! There was no growth 2015 and a figure for 2016 has not been published yet. However, even if we assume that there was no growth during the last season either, we have to conclude that the market value had grown at an **average yearly rate of 39.6%** during the last 11 years. Assuming that 30% that market corresponds to the US the is a huge scope for Latin America to supply it with organic cotton products and or intermediate products (fiber, yarn, material).

If the market will continue to grow at that rate we should expect a global market value in excess of **40 bn US\$ by 2019**

## Brands, industry and retailers are increasingly getting aware of their responsibility towards sustainability

### Cotton Inc hires first sustainability chief

By Beth Wright | 18 September 2017

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Cotton Incorporated is extending its commitment to cotton sustainability across the supply chain with the appointment of Dr Jesse Daystar as its first chief sustainability officer.



just-style home News & insights News

### Otto Group urges support for sustainable textiles scheme

By Beth Wright | 24 August 2017

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As part of its commitment to the Partnership for Sustainable Textiles, German mail order and e-commerce giant [Otto Group](#) has unveiled a roadmap setting out targets for 2017 – including a focus on the deeper supply chain and boosting the percentage



Otto Group intends to continue to expand the percentage of sustainably cultivated cotton fibre from the CmiA initiative in

### ECOTEXTILE NEWS

The environmental magazine for the global textile supply chain



### Fashion brands urged to source more sustainable cotton

UTRECHT – A report published today by WWF, Pesticides Action Network (PAN) UK and Solidaridad says many of the apparel industry's leading brands and retailers need to significantly increase their uptake of 'sustainable cotton' if the sector is to become more environmentally friendly.

## Global organic cotton trend



The existence/creation of organizations like these indicate that there is real concern of consumers, brands, retailers, industry and the confectioning sector regarding the impact of apparel production and use on planet and society.

Latin American farmers, textile mills and garment producers should no longer ignore this and embark into the grate business opportunities sustainable apparel productions present them.

### Discussion point 3:

### How to get involved?

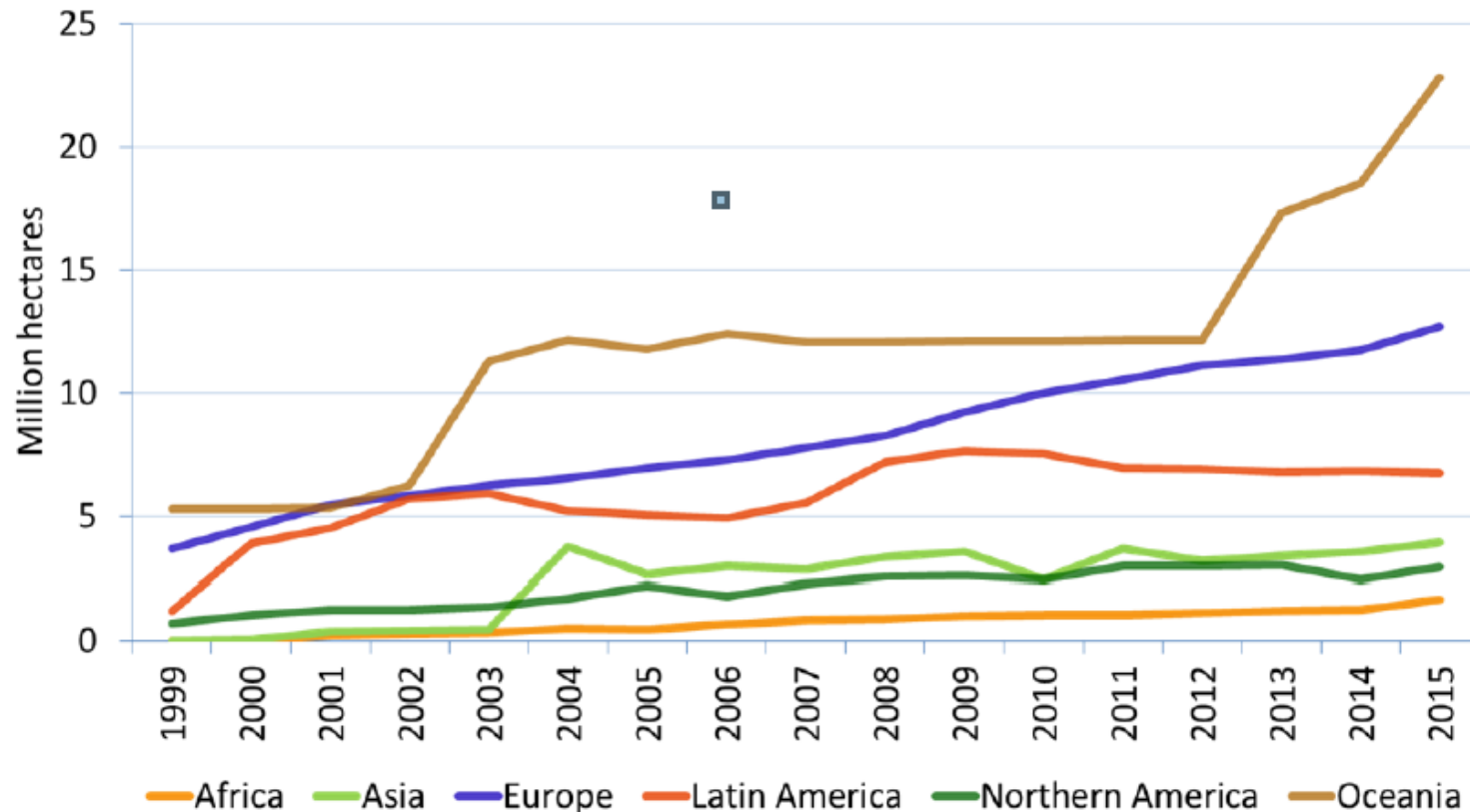
- Formation of interest groups (e.g. creating Organic Cotton made in Latin America)?
- Strengthening national and regional value chains?
- Making use of its neighborhood to the US (shorter lead times, ease of communication)?
- Searching for Partnerships with global brands, namely American brands?

## Family farming and organic farming tradition in Latin America



### Growth of the organic agricultural land by continent 1999-2015

Source: FiBL-IFOAM-SOEL-Surveys 1999-2017



Latin America has

- more organic farmland than either
  - North America
  - Asia and
  - Africa
- indigenous farming traditions
- considerable cotton cropping experience
- a necessity of combining food security with crops generating cash, like cotton

80% of Latin American farming is done by family agriculture

There are no eminent reasons why organic cotton cropping in the region felt far below those achieved in other regions of the world (India, China, Turkey, Kyrgyzstan, USA, etc.).

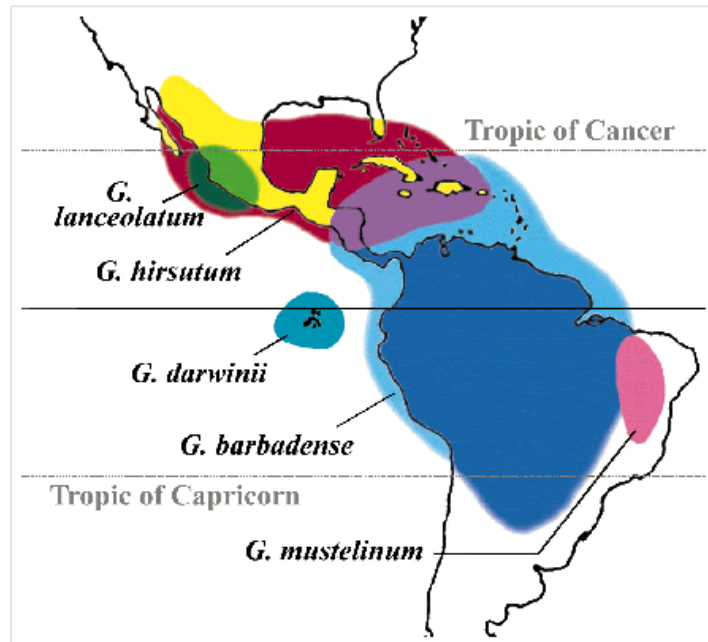
## Family farming and organic farming tradition in Latin America



Organic cotton cropping is rather labor intensive

Labor cost are comparatively low throughout Latin America if compared with those of the USA

However in the last season (2015/16) more than triple the amount of organic cotton has been produced in the US (4,524mt) as in Latin America (1,233mt)



Las diferentes especies de algodón desarrolladas en Mesoamérica por los "Darwines" prehispánicos

### Discussion point 4: Are Latin American farmers just lazy?

- Lack of proper governmental policies?
- Lack of support by industry, brand and retailer?
- Lack of entrepreneurial activity (resistance to innovation)?
- Lack of funds?

## Future of Organic Cotton in Latin America - Points of Discussion - Summary



### 1. Reaching to industry and brands?

Is it necessary at all?  
Local versus foreign investors?  
Is Timberland's engagement in Haiti a good example?  
Could it be replicated in other regions

### 2. Replicating the Brazilian Success?

What have Brazilians done differently?  
Can the rest of Latin America copy their case?  
What inputs would that require?  
A case for the ABC/FAO Project?

### 3. How to get involved?

Formation of interest groups (e.g. Organic Cotton made in Latin America)?  
Strengthening national and regional value chains?  
Weight advantages in the US market (short lead times, ease of communication)?  
Searching for partnerships with global brands, namely American brands?

### 4. Are Latin American farmers just lazy?

Lack of proper governmental policies?  
Lack of support by industry, brand and retailer?  
Lack of entrepreneurial activity (resistance to innovation)?  
Lack of funds?

# THANK YOU!

SILVIO MORAES WILL NOW MODERATE THE DISCUSSION

