Value Adding for the Future

By Eimear McDonagh, Australian Cotton Shippers Association

As we manage through this COVID-19 pandemic, there has been a lot of rhetoric (mostly negative) about how we as humans manage resources both human and natural. We saw this impact on the textile sector in the first months of the pandemic as high street retailers systematically walked away from garment contracts that threatened to cripple producing countries such as Bangladesh that derive over 80% of their GDP from the ready made garment (RMG) sector. Thankfully most retailers eventually came to the table to negotiate outcomes that helped to carry this sector through the worst effects of the lockdowns. We've seen it again more recently as reports of unethical treatment of the Uygur people in Xinjiang Province, Western China are emerging.

Over the past 10 years, the natural fibre market has seen a marked improvement in the demand for sustainably produced fibres. This is becoming ever more critical as legislation in certain countries is forcing companies to report on the source of their raw materials and the conditions under which their product is produced. It is important to note that commercial business decisions are being heavily influenced by consumer sentiment conveyed through social media.

It would be nice to think that retailers make decisions in order to do the right and ethical thing for the resources they buy and trade, but it is most likely the fact that businesses are changing their behaviour because negative behaviour can be easily identified and Tweeted, Insta'ed, WhatsApped and through a myriad of other social media platforms that give people a voice that they didn't have ten years ago.

In a April 2020 report issued by The Apparel Coalition, entitled "Rebuilding a More Sustainable Fashion Industry After COVID-19", it outlined sustainable fashion prior to the pandemic and the long-term view post the pandemic. In their conclusion, they determine that "Transparency will be highly relevant for all stakeholders. Sustainability will be enabled by technology and can be leveraged to drive innovation across design, supply chain management, and new business models."

We have seen unprecedented disruption to the entire textile supply chain, but with disruption comes opportunity. I am aware of at least one garment producer that is testing an app that tracks the sustainability credentials of the fibre and the supply chain for the garments they produce. They provide this data to the consumer via a scannable item on their garments.

Here in Australia, we have adopted the Better Cotton Initiative (BCI) program, a mass balance system which tracks the trade of cotton produced under the BCI determined practices and allows it to be used with conventional cottons, so long as they are used in equal proportions. This platform was the first of its kind and reaches over 10,000 supply chain participants, whilst also importantly supporting sustainable farming practices in developing countries.

Australian cotton has one of the most enviable reputations for its practice of continuous improvement in all areas; be it from seed breeding technology, integrated pest management on farm, to sustainable farm practices that employ the latest technology which is primarily developed in Australia.

Sustainability and the measures we use in Australia – arguably to one of the highest standards in global cotton growing – is not enough on its own anymore. For sustainability credentials to be valued they need to be identified, captured and made transparent.

As we mature in the traceability space, we are using various methods to trace cotton back to the farm level. There are traceability technologies currently being used in Australia, Oritain and Fibre Trace which provide different methods for retailers to trace and verify the raw cotton that makes up the yarn and fabric that they are sourcing. I'm sure my colleagues on the ACSA board and those working on the Cotton to Market strategy at Cotton Australia will agree that the supply chain from farm to garment is extremely complex and for various reasons - predominantly economics - it will remain that way for many years to come. BCI is itself launching a project to explore a traceability system and the planning phase is underway.

There are no statistics that I can find that show the percentage of garments produced through vertical integration versus those produced when there may be 5-6 different ownership points throughout the supply chain - spinning mill, dying house, yarn trader, knitter/weaver, garment producer and retailer. As merchants we can't choose to only partner with vertically integrated garment producers to shorten the chain and therefore attain an ease of transparency from farm to garment. The current system is what we must deal with. Domestically, Cotton Australia's 'Cotton to Market' strategy has had success in working with numerous Australian retailers to connect the supply chain with the help of ACSA members and promote Australian cotton in their products.

Without doubt, the retail sector is paying more attention to transparency and to really understanding their supply chain. This fact became quite evident for us trading Australian cotton as late as last year when BCI banned the certification of cotton grown in Xinjiang Province, Western China. As mentioned above, complicated supply chains take time to understand and even longer to shift from one manufacturing location to another. We are now seeing a renewed demand for BCI credits for Australian cotton as the supply chain pivots to a more secure and reliable source of sustainably produced cotton.

There are numerous programs in support of sustainably produced cotton. Brazil continues to focus on BCI and regardless of their sustainability credentials, they are the largest producer of 'Better Cotton'.

The US Cotton Trust Protocol is a new system for responsibly grown cotton that provides annual data for six areas of sustainability aligned with the UN Sustainability Goals. This year-over-year data, available for the first time, allows brands and retailers to better measure progress towards meeting sustainability commitments.

Other programs include Cotton Made in Africa CMiA and the FairTrade platform. Not only are we competing with cotton from other origins, but we continue to battle with man-made fibre (MMF) for market share. Whilst acknowledging the competition, we see recycled polyester (rPET) touting its sustainability credentials which means that the trend is changing, even for the MMF sector.

In Australia, our MyBMP program covers 10 key areas farm operations and includes online self-assessment mechanisms and practical tools and auditing processes to ensure that Australian cotton is produced according to best practice. MyBMP underpins our BCI registration and is an excellent opportunity to promote our 'social license to operate'; the reach certainly can expand beyond just proving to ourselves and our legislature that we are a responsible agricultural industry.

Compared to our major competitors in the US and Brazil, we are less burdened by either bureaucracy or competing interests at the peak body level. We have a very flat structure and a very integrated industry that allows ease of information sharing and a combined drive to increase yield and quality and improve sustainability for the entire industry. In a recent discussion with growers on the Downs, they referred to the innovation that they are employing on farm and the ability of technology to provide data to enhance the offering of high quality, contamination free cotton. To put it simply, they see an avenue for technology to provide valuable data that can be used to enhance our ability to market the crop. This topic has been highlighted and is being discussed at industry body level.

CRDC's latest Sustainability Report (published May 2020), identifies setting achievable sustainability targets and measuring the industry progress as the correct direction for industry.

It is my view that the signal for the future is to focus on the sustainability but also on traceability of our fibre; both must be integrated throughout the industry to be able to scale up and be robust in its integrity. If we are to take advantage of the disruption, take the opportunity to further add to the quality and reputation of Australian cotton, we should really focus on and value our MyBMP program. A larger uptake of MyBMP, coupled with an industry focus on data capture and traceability will certainly add value to the globally renowned brand that is Australian Cotton.

If you'd like more information around this please visit these websites:

https://www.cotton.org/news/releases/2020/proplat.cfm
https://apparelcoalition.org/wp-content/uploads/2020/04/Weaving-a-Better-Future-Covid-19-BCG-SAC-Higg-Co-Report.pdf
https://www.crdc.com.au/publications/australian-cotton-sustainability-report

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