

# Is Better Cotton Getting Better?

By Arthur Spellson, Australian Cotton Shippers Association

Better Cotton is undergoing significant changes that will impact its program and how Better Cotton will be traded moving forward.

As the world's largest cotton sustainability initiative, Better Cotton accounted for 5.47 million metric tons (25 million bales) of cotton in 2024, representing 22% of global production. This cotton was grown by 2.13 million licensed farmers across 22 countries, including Australia, which produced 381,000 MT (1.4 million bales) of Better Cotton—nearly 32% of Australia's total production.

## Australia's Role

Cotton Australia aligned its myBMP program with Better Cotton (then BCI) in 2014 through a benchmarking process that accredited myBMP-certified cotton as Better Cotton. This move was designed to tap into the growing demand from brands and retailers supporting the program, many of whom had set ambitious targets for sourcing Better Cotton by 2020.

Today, some of the world's biggest brands—H&M, Marks & Spencer, IKEA, GAP, Nike, adidas and more are aligned with Better Cotton. These brands have been pushing for updates to the program to meet new and emerging legislative requirements, particularly in the European Union.

## What's Changing?

The most significant shift is Better Cotton's transition to a full certification scheme. Going forward, all claims about Better Cotton will require third-party verification and must meet stricter sustainability labelling standards. Until now, Better Cotton has been largely self-governed but increasing concerns about greenwashing have driven the need for independent oversight - marking your own homework is no longer acceptable.

## Impact on Australian Farmers & Merchants

For Australian growers, this change will have minimal direct impact, aside from Cotton Australia needing to implement third-party audits to oversee certification.

For merchants, however, certification will be required to trade physical Better Cotton. While there will be an associated cost, Better Cotton has taken Australia's cotton production and sales processes into account, ensuring the new requirements are practical.

These changes mark a significant evolution for the Better Cotton program—one that aligns with growing global expectations for transparency, credibility and sustainability in cotton supply chains.

The transition from the mass balance system to physical traceability means that growers and merchants alike will now supply physical certified bales.

Merchants will need to segregate Better Cotton certified bales. This new requirement will likely lead to additional storage and handling costs, and merchants wishing to trade physical Better Cotton bales will need to undergo certification for this process.

While this shift introduces operational changes and added costs, it also strengthens Better Cotton's credibility by ensuring a more transparent and verifiable cotton supply chain.

### **Stricter Labelling Rules for Better Cotton**

Along with the changes to traceability, Better Cotton is introducing changes to the way brands can promote their support of Better Cotton. Many brands and retailers have traditionally used swing tags stating they “support” or “partner with” Better Cotton. However, due to the mass balance system, these tags have never been permitted to claim that a product contains Better Cotton - because brands couldn't guarantee their products actually included Better Cotton.

With increasing scrutiny around greenwashing, Better Cotton is introducing stricter labelling rules. From May 2026, only brands using physical traceability will be allowed to apply a Better Cotton label to their products. This is a significant shift that will facilitate full traceability, ensuring that any Better Cotton claim is backed by verifiable sourcing.

### **Is Better Cotton Getting Better?**

The short answer is yes. Better Cotton had to make these changes to stay relevant and maintain demand. By transitioning to a certification model and offering physical traceability, Better Cotton is rebuilding confidence and better aligning with the needs of brands and retailers.

### **Why These Changes Could Benefit Australian Growers**

The shift to physical traceability could be particularly positive for Australian growers for several reasons:

1. Australia is already set up for this transition. Our existing processes ensures that cotton from farm to export can be identified, meaning we can adopt physical traceability without significant changes.
2. It could help stabilise Better Cotton premiums. One reason premiums have been declining is that Better Cotton credits could be held from year to year, potentially stockpiling them and inadvertently reducing their value. Under the physical traceability model, cost of carrying physical stock should incentivise regular purchasing rather than stockpiling.
3. Australia has competitive advantages over the US and Brazil. US growers are more focused on their own sustainability program, the US Cotton Trust Protocol, with relatively little support for Better Cotton.

Brazil won't roll out physical traceability until later 2025, meaning Australia can offer it from our 2025 crop—giving us a head start. Furthermore, Better Cotton is also expected to tighten certification requirements in Brazil, which could significantly reduce their supply. Concerns over high pesticide use and deforestation have already made some brands hesitant to use Brazilian cotton.

4. We know there is increasing demand for Australian cotton due to our environmental credentials. Physical traceability means users of Better Cotton can demand 100% Australian Better Cotton with a traceability system to back it up.

It is hoped this combination of changes will reinvigorate demand for Better Cotton. Brandowner demands have been met and hopefully this will translate into support.

### **Will these changes lead to premiums for Australian Better Cotton?**

We can't say for certain, but we hope the answer is yes.

Whether physical Better Cotton commands a price premium will ultimately be determined by the market. While many brands demand sustainability and traceability, it remains to be seen whether they are willing to pay for it.

Regardless of premiums, market access is invaluable and in fact critical. These changes ensure that Australian cotton remains competitive and well-positioned to meet the growing demand sustainably produced and traceable cotton.

Ends