THE MARKET FOR ORGANIC AND FAIR-TRADE COTTON FIBRE AND COTTON FIBRE PRODUCTS

Study prepared in the framework of FAO project GCP/RAF/404/GER

"Increasing incomes and food security

of small farmers in West and Central Africa

through exports of organic and fair-trade tropical products"

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"Increasing incomes and food security of small farmers in West and Central Africa through exports of organic and fair-trade tropical products"

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FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
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1. THE MARKET FOR ORGANIC COTTON FIBRE AND FIBRE PRODUCTS

1.1. LABELLING OF ORGANIC COTTON FIBRE AND COTTON FIBRE PRODUCTS

Current legislation on the labelling of organic products in Europe and the United States only covers seed cotton in its raw and unprocessed form, leaving the labelling of organic textiles to the discretion of the manufacturer or retailer. A number of organizations, mostly organic certification agencies, have developed their own private voluntary standards for organic textiles, aimed at preserving the integrity of the organic nature of the certified fibre as much as possible. At the level of the consumer, these textiles are generally labelled as being “produced from organic cotton”, with the percentage of organic cotton in the final product varying from case to case.

Current private standards for organic textiles include those developed by the United Kingdom’s Soil Association; the Sustainable Textile Production Programme developed by Control Union International; the Tessile Biologico-label of AIAB-ICEA; the IVN Best-Naturtextil label developed by the International Association of Natural Textile Industry; and Naturland’s Processing Standards for Textile. Meanwhile, Organic Exchange, a network gathering brands, distributors and producers of textiles, has developed two voluntary standards guaranteeing the traceability of the use of certified organic cotton in textiles containing 100 percent organic cotton (the OE 100 Standard), or in blended textiles containing at least 5 percent organic cotton (the OE Blended Standard). These standards do not impose any requirement as to the processing of fibres into textiles[1].

In 2006, the Global Organic Textile Standard (GOTS), a voluntary standard for the sustainable processing of organic cotton, was launched by four organizations, including the International Association of Natural Textile Industry (IVN), the Japan Organic Cotton Association (JOCA), the Soil Association and the Organic Trade Association (OTA), in an attempt to address the proliferation of private voluntary labels. The GOTS label, which covers all natural fibres, aims at ensuring the organic status of textiles, from the harvesting of raw materials through environmentally and socially responsible manufacturing to packaging, labelling, exportation, importation and distribution. To date, more than 2 000 textile facilities are participating in the inspection and certification system of GOTS; a GOTS logo was launched in August 2008. A product labelled with the GOTS logo contains at least 95 percent certified organic (or in conversion) fibres. Textiles containing 70 to 95 percent organic (or in conversion) fibres are labelled as “containing at least X percent organic fibres”[2].

[1] *See <http://www.organicexchange.org>.*

[2] *See <http://www.global-standard.org>.*

1.2. GLOBAL PRODUCTION OF ORGANIC COTTON FIBRE

According to Organic Exchange, the production of organic cotton reached 145 865 tonnes in the 2007/08 crop year, up by 152 percent year-on-year and growing at an average annual rate of 185 percent over the past three years[3]. The production increase is due in large measure to increased production in India (which in 2008 saw its production rise by 292 percent to 73 702 tonnes, about half of world organic cotton production), and is fuelled by the heightened demand for organic cotton from small- to large-sized retailers around the world[4]. Despite this strong growth, organic cotton represented a mere 0.6 percent of the world market for cotton in 2007/08[5].

While the conventional cotton crop was expected to decrease in 2008/09, both in terms of the area under production and in terms of output, organic cotton production is forecast to increase to 224 722 tonnes, accounting for 0.91 percent of the global cotton crop[6].

Leading organic cotton producers other than India include, according to rank, Syria, Turkey, China, Tanzania, United States, Uganda, Peru, Egypt and Burkina Faso[7] (see Table 1).

Table 1. Production of organic cotton in the ten leading countries, 2007/08 (in tonnes)

Country/region	Production	Production as % of global production
India	73 702	51.1
Syria	28 000	19.4
Turkey	24 440	17.0
China	7 354	5.1
Tanzania	2 852	2.0
USA	2 716	1.9
Uganda	2 545	1.8
Peru	1 339	1.0
Egypt	761	0.5
Burkina Faso	436	0.3
Total	**144 145**	**98.8**

Source: Foglia & Ferrigno (2009).

More than half the global production of organic cotton is in the hands of two companies – one in Turkey and the other in India[8] –, while the 25 largest brands and retailers absorb some 50–60 percent of the global organic cotton supply[9].

[3] According to ITC (2007), however, worldwide production and sales of organic cotton fibre stood at only 23 000 tonnes in 2006. ITC argues that Organic Exchange has overestimated production in India and Africa.

[4] Organic Trade Association (2009).

[5] Organic Exchange (2008), via Foglia and Ferrigno (2009).

[6] Foglia & Ferrigno (2009), based on USDA and Organic Exchange.

[7] Organic Trade Association (2009).

[8] ITC (2007).

[9] ITC (2007).

1.3. THE DEMAND FOR ORGANIC COTTON FIBRE PRODUCTS

1.3.1. Overview

The demand for, and supply of, organic cotton fibre products has grown dramatically in recent years, indicating strong interest from both global retail markets and farmers in growing cotton organically. While the development of new certification standards, information tools and business models by non-governmental organizations such as Organic Exchange, Organic Trade Association, Helvetas, Soil Association, Oxfam, etc. has helped suppliers develop and implement organic cotton programmes, consumers' increasing awareness about the environmental implications of cotton production has fuelled consumer demand for this product category[10].

According to Organic Exchange, global retail sales of organic cotton products stood at an estimated US$3.2 billion in 2008, up 63 percent year-on-year. They are expected to reach US$4 billion in 2009 and US$5.3 billion in 2010, up 24 and 33 percent annually, respectively, in spite of the global economic downturn. Meanwhile, the market for branded organic cotton items has grown from 74 839 tonnes in 2007 to 92 998 tonnes in 2008, and will reach 123 272 tonnes in 2009.

While ITC (2007) asserts that demand for organic cotton is already outstripping supply and is likely to continue to do so in the near future, Organic Exchange asserts that supply shortages will only occur if the annual growth rate of production falls below 40 percent, well below the growth rates recorded over the past few years.

The organic cotton market is evenly split between Europe and the United States[11], and the brands and retailers offering the largest organic cotton product ranges worldwide are Wal-Mart, C&A, Nike, H&M, Zara, Anvil, Coop Switzerland, Pottery Barn, Greensource and Hess Natur[12]. Where organic cotton items in both the United States and Europe were traditionally primarily sold through mail order or web companies, health stores and small, specialized organic textiles shops, today many mainstream retailers carry organic textile products. With a now well-established market of consumers willing to pay a premium for organic products, particularly in the European and North American markets, big brands are jumping on the band wagon earlier than they did in the organic food market. In total, more than 1 500 brands and retailers around the world sell organic cotton products[13], and the inclusion of organic cotton into product lines has become the norm, rather than the exception. Indeed, growing consumer awareness of sustainability issues and interest in organic products means that both stores "for the masses" and high-end fashion boutiques are rapidly expanding their range of organic clothing and textile products. While some companies, including American Apparel, the largest clothing manufacturer, wholesaler and retailer in the United States, have made sustainability an important aspect of their corporate identity, companies without an explicit sustainability agenda are increasingly going organic as well.

Organic cotton fibre is now used in products ranging from personal care items (sanitary products, cotton pads, ear swabs, …) to home furnishings (towels, bed linen, bathrobes, ...), children's products (toys, diapers, …), clothing of all kinds and styles, and even stationary and note cards. In addition, organic cottonseed is used to produce animal feed, while organic cottonseed oil is used in a number of food products, including cookies and chips[14].

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[10] *Organic Exchange (2007).*
[11] *Hartman (2007).*
[12] *Ecotextile News (2009).*
[13] *Organic Exchange (2009).*
[14] *http://www.ota.com/organic/mt/organic_cotton.html.*

Wal-Mart, the world's largest public corporation, accounting for 40–50 percent of basic garment turnover in the United States[15], introduced an organic cotton babywear collection in 2006, and plans to extend its organic cotton product range to all kinds of textiles and clothing. The company currently is the world's largest purchaser of organic cotton products.

Nike, the world's leading supplier of sports shoes and apparel, began blending organic cotton into its clothing in 1998, and in 2002 launched its first 100 percent organic cotton items under the label Nike Organics. It is estimated that 9 percent of the cotton used by Nike in 2007 was organic, representing 5 000 tonnes of organic cotton fibre (compared to 1 950 tonnes in 2005[16]), making Nike the second largest retail user of organic cotton in the world. The percentage of Nike garments containing organic cotton rose from 22 percent in 1999 to 52 percent in 2008. The company's goal is to blend a minimum of 5 percent organic cotton in all of its cotton products by 2010, whilst steadily expanding its offer of 100 percent certified organic cotton items[17].

H&M, one of the most recognized garment brand names in the world, has been using organic cotton since 2004, when it began mixing some organic cotton into its children's clothing items. In 2007, the company introduced its first 100 percent organic cotton items. H&M expects to use 3 000 tonnes of organic cotton in 2009, compared to the 30 tonnes used in 2006, and aims at increasing volumes by at least 50 percent annually over the next five years. In addition, to support cotton growers during the conversion period from conventional to organic production, H&M has started to use so-called transitional cotton, of which it aims to use 50 tonnes in 2008[18].

Other large clothing manufacturers and retailers offering organic cotton items include Banana Republic, Gap, Levi Strauss and Co (which launched its first 100 percent organic cotton jeans in 2006), Nordstrom, Patagonia, Target, Timberland (which aims at purchasing 10 percent of its cotton from organic suppliers by 2010), Under the Canopy, Victoria's Secret, Zara, etc. Meanwhile, high-end designers, including Rogan Gregory, Katherine Hamnett, Linda Laundermilk, Stella McCartney and Diane von Furstenberg are including organic fabrics in their collections.

1.3.2. The European market for organic cotton products

While Germany has traditionally led Europe's demand for organic cotton, with mail order companies accounting for the bulk of sales in this category, German consumption levels have recently been surpassed by those in Switzerland. Thanks to the sale of 100% organic cotton items by the country's two largest supermarket chains, Coop and Migros, Switzerland is now Europe's largest user of organic cotton products consuming 2 250 tonnes of organic cotton in 2007, compared to Germany's 1 500 tonnes[19].

Meanwhile, demand in the United Kingdom is believed to be catching up with, or even exceeding, that in Germany, and three out of every four British High Street retailers are now believed to be offering organic cotton products[20]. Total sales of organic cotton in the United Kingdom increased from UK£60–65 million in 2007 to UK£85–90 million in 2008, up 40 percent year-on-year. Total sales of organic clothing and textile, including wool and linen, are expected to treble between 2008 and 2012, reaching UK£280 million. Marks and Spencer, one of the country's largest retailers of clothing, food and home products, sold 1.1 million organic cotton items in 2008, more than five times the volume

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[15] *ITC (2007).*

[16] *ITC (2007).*

[17] *<http://www.nikebiz.com/responsibility/considered_design/environmentally_preferred.html>.*

[18] *<http://www.hm.com/us/corporateresponsibility/environment/focusoncottonandtheenvironment__envworkarticle3.nhtml>*

[19] *ITC (2007).*

[20] *Hartman (2007).*

sold during the previous year, while New Look sold 2.3 million items, up 50 percent in comparison with 2007[21].

France, which is believed to be another booming market for organic cotton products, is estimated to have consumed 600 tonnes of organic cotton in 2007, with supermarket chain Monoprix leading the country's sales of organic cotton products. Other important markets are Sweden (350 tonnes in 2007), Italy (250 tonnes) and the Netherlands (100 tonnes)[22].

1.3.3. The market for organic cotton products in the United States

According to the Organic Trade Association's 2009 Organic Industry Survey, sales of organic fibre, linen and clothing in the United States totalled US$472 million in 2008, up 65 percent year-on-year.

Several major brands in the United States, including Nike and Timberland, have been using a small proportion (typically 5 percent) of organic cotton in their garments for many years now. While these garments cannot be considered organic, the demand created by this blending of organic and conventional cotton fibres encourages producers to step up their supply of organic cotton[23]. Indeed, the current supply of organic cotton fibre is insufficient to allow these mass-marketers to offer a significant proportion of their garments with 100 percent organic cotton.

With consumer demand for eco-friendly fibres growing, manufacturers and retailers are increasing the proportion of organic cotton used in their garments, as well as expanding their offer of 100 percent organic cotton items. While the main segments of the organic cotton market – apparel for women and children and home products – became more robust and newer segments, including accessories, menswear and youth apparel, were further developed, new segments, such as health care products containing organic cotton, also emerged in 2007 and 2008[24].

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[21] *The Soil Association (2009).*
[22] *ITC (2007).*
[23] *Pesticides Action Network UK (2007).*
[24] *Organic Trade Association (2008).*

2. THE MARKET FOR FAIR-TRADE COTTON FIBRE AND FIBRE PRODUCTS

2.1. FLO STANDARDS AND PRICING FOR COTTON FIBRE AND COTTON FIBRE PRODUCTS

Unlike organic agriculture, there are no governmental regulations for fair-trade, be it in Europe or in the United States, and any company can claim to be trading its products “fairly”. To fill this regulatory void, a number of national private voluntary fair-trade certification schemes were developed and grouped under the umbrella organization Fairtrade Labelling Organizations International (FLO). Whilst the FLO system is the largest and most widely recognized fair-trade certification system, other labelling initiatives have been developed, including “The Better Cotton Initiative”, “Cotton Made in Africa”, the “No Sweat” initiative, the “Made By” label, etc.

Current FLO standards only cover seed cotton in its raw, unprocessed form[25]; the Fairtrade mark does not certify the manufacture of garments or the intermediate stages of production, such as spinning and weaving. However, the FLO standard for seed cotton does specify that every operator in the supply chain which takes ownership of the cotton must demonstrate efforts to comply with national labour regulations and ILO conventions[26]. In addition, FLO’s cotton composite policy stipulates that all cotton used in a finished product must be Fairtrade certified for the garment to be eligible to carry the Fairtrade mark. Blended textile products must contain at least 50 percent certified organic cotton.

FLO is currently researching the feasibility of a Fairtrade standard for textiles and certification at garment making level.

The FLO system guarantees a Fairtrade minimum price and a Fairtrade premium. In July 2008, Fairtrade Labelling Organizations International introduced regional Fairtrade Minimum Prices for conventional and organic seed cotton, representing an average price increase of 24 percent per kilo in comparison to the previous Minimum Prices, which were set per country[27]. In addition to the Minimum Price, buyers must pay a Fairtrade Premium of €0.05 per kg of seed cotton. When the market price rises above the Fairtrade minimum price, the Fairtrade price is the market price plus the Fairtrade premium. FLO estimates that over 30 000 farmers benefited from the programme in 2007.

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[25] *FLO developed its Fairtrade Standard for seed cotton in 2004.*

[26] *The following indicators of compliance may be applied: IFAT membership; SA8000 certification; participation in one of the following initiatives: Ethical Trading Initiative, Fair Wear Foundation, Fair Labour Association, Workers’ Rights Consortium; a letter of endorsement of a union accredited by ICFTU; or an external audit against the ETI Base Code. For more information, see <http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/09-09_EN_Seed_Cotton_SPO.pdf>.*

[27] *The introduction of a regional pricing system allows producers from 76 countries to access Fairtrade certification, compared to only nine countries previously. Fairtrade Foundation (2008).*

Table 2. Fair-trade Minimum Prices and Premiums for seed cotton, in euro per kg, ex works (from 1 July 2008)

Region	Characteristics	Quality	Fairtrade Minimum Price	Fairtrade Premium
South America	Gossypium Hirsutum	Conventional	0.41	0.05
		Organic	0.49	0.05
	Gossypium Barbadense	Conventional	0.45	0.05
		Organic	0.54	0.05
Central America	Gossypium Hirsutum	Conventional	0.41	0.05
		Organic	0.49	0.05
	Gossypium Barbadense	Conventional	0.45	0.05
		Organic	0.54	0.05
Northern Africa	Gossypium Hirsutum	Conventional	0.39	0.05
		Organic	0.47	0.05
	Gossypium Barbadense	Conventional	0.43	0.05
		Organic	0.52	0.05
Eastern Africa	Gossypium Hirsutum	Conventional	0.36	0.05
		Organic	0.43	0.05
	Gossypium Barbadense	Conventional	0.40	0.05
		Organic	0.47	0.05
Western Africa	Gossypium Hirsutum	Conventional	0.42	0.05
		Organic	0.50	0.05
	Gossypium Barbadense	Conventional	0.46	0.05
		Organic	0.55	0.05
Central Africa	Gossypium Hirsutum	Conventional	0.42	0.05
		Organic	0.50	0.05
	Gossypium Barbadense	Conventional	0.46	0.05
		Organic	0.55	0.05
Southern Asia	Gossypium Hirsutum	Conventional	0.38	0.05
		Organic	0.46	0.05
	Gossypium Barbadense	Conventional	0.42	0.05
		Organic	0.51	0.05
Kyrgyzstan	Gossypium Hirsutum	Conventional	0.46	0.05
		Organic	0.55	0.05
	Gossypium Barbadense	Conventional	0.51	0.05
		Organic	0.61	0.05

Source: Fairtrade Labelling Organizations International (2009)

2.2. THE INTERNATIONAL MARKET FOR FAIR-TRADE COTTON PRODUCTS

2.2.1. Overview

According to FLO, 27 573 000 fair-trade certified cotton items were sold globally in 2008, up 94 percent year-on-year. 8.3 percent of all items sold worldwide were also certified organic[28]. In value terms, worldwide sales reached €175.9 million in 2008, making cotton the fifth most important fair-trade product in terms of global sales after coffee, bananas, tea and cocoa[29].

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[28] *FLO (2009).*

[29] *Fairtrade Foundation (2009).*

2.2.2. The market for fair-trade cotton products in Europe

France, the United Kingdom, Belgium, Italy, Luxemburg and Switzerland were among the first countries in Europe to market fair-trade certified cotton products, starting in 2005. Fair-trade cotton products were introduced in Germany, Austria, Finland, Sweden, Ireland, Denmark and Norway in 2007, and in May 2008 in the Netherlands. Across Europe, fair-trade cotton lines are stocked by the likes of La Redoute, Switcher, Jack & Jones, Nanso, Gardeur, Armedangels, Rica Lewis & E.Leclerc[30].

Sales of fair-trade cotton products have increased dramatically since their introduction on European markets. Fair-trade cotton products in France, for example, account for 18 percent of total fair-trade sales, three years after their introduction on the market[31]. Fair-trade cotton products were launched in Finland in 2007, and after only one year account for more than 11 percent of total sales of fair-trade products. Similarly, in many European countries, sales of fair-trade cotton products recorded double- or even triple-digit annual growth rates in recent years (see Table 3).

Sales of fair-trade cotton in the United Kingdom have skyrocketed since their introduction in the country in 2005. The country is by far Europe's largest market for fair-trade cotton products, recording sales worth over UK£100 million in 2008, up from UK£6,6 million in 2006 and UK£52.1 million in 2007[32]. Over 1 000 products made from fair-trade certified cotton have been licensed in the United Kingdom, from clothing to home textiles. Marks & Spencer, which launched its first fair-trade cotton socks and t-shirts in 2005, purchased one third of the world's fair-trade cotton in 2007[33]. In financial year 2007/08, the company – the largest clothing retailer in the United Kingdom – sold 5 million fair-trade cotton garments, equalling 2 300 tonnes of fair-trade cotton fibre[34], making it the world's largest retailer of fair-trade cotton. Tesco, the largest British retailer, is expected to come second in 2009, selling between 15 and 20 million fair-trade garments. In March 2006, Sainsbury's, the country's third largest supermarket chain, ordered 40 tonnes of fair-trade certified cotton, the largest single order placed in the country until then; the company ordered 640 tonnes of fair-trade cotton in 2008 and plans to step up the number of fair-trade garments sold in its stores to 3 million pieces in 2009, twice the volume sold in the previous year[35]. Other highstreet retailers carrying fair-trade cotton products include Top Shop, Top Man, Debenhams, Monsoon, Muji, The Co-op, Boots, and many more.

With the exception of the United Kingdom – where the Fair Trade Foundation aims at ensuring that at least 10 percent of all cotton clothing contains fair-trade cotton by 2012 – and despite the impressive growth recorded over the past few years, fair-trade cotton products still account for only a fraction of the total European market for cotton products. TransFair Germany, for example, in its latest annual report states that "to date, the textiles sector has not made not enough efforts to make fair-trade cotton available to a wide consumer base. Despite some widely publicized sales campaigns, fair-trade cotton has not yet established itself firmly at the retail level"[36].

[30] *Julseth (2008).*
[31] *Max Havelaar France (2008).*
[32] *The Fairtrade Foundation (2009).*
[33] *just-style.com (2008).*
[34] *Marks and Spencer (2008).*
[35] *Thompson (2008).*
[36] *TransFair Germany (2008).*

Table 3. Sales of Fairtrade cotton products in Europe

	Sales of fair-trade cotton (latest available year)	% of total fair-trade sales (latest available year)	Year-on-year increase
Austria	€1.3 million (2008)	2%	n.a.
Belgium	€0.9 million (2008)	2%	110%
Denmark	€1.07 million (2007)	2.7%	n.a.
Finland	€3.9 million (2008) 500 000 pieces (2008)	11.3%	n.a.
France	1 500 tonnes (2007) €37.8 million (2007)	18%	110%
Germany	185 tonnes (2008) 844 000 pieces (2008)	n.a.	264%
Italy	€65 000 (2007)	0.2%	n.a.
Luxemburg	€210 000 (2008)	4.9% (2008)	229% (2008)
Netherlands	256 526 pieces (2008)	n.a.	-
Norway	NOK 1.87 million (2008)	0.7% (2008)	35% (2008)
Spain	€266 919 (2008)	4.9%	41% (2008)
Switzerland	CHF 10.5 million 933 tonnes	4.1%	83.1% (value) 50.1% (volume)
UK	UK£100 million (2008)	14.2% (2008)	92% (2008)

Sources: Fairtrade Italia, Fairtrade Mark Ireland, Fairtrade Max Havelaar Norge (Norway), Max Havelaar France, Max Havelaar Stiftung (Switzerland), Max Havelaar Denmark, Stichting Max Havelaar (Netherlands), Reilukauppa (Finland), SETEM (2008), TransFair Italia.

2.2.3. The market for fair-trade cotton products in the United States

TransFair USA, the national FLO organization in the United States, has been working on developing a standard for fair-trade garments for several years now, and it is expected that a pilot release of the first garments manufactured according to Fair Trade Certified standards will begin in November 2009, while the first certified garments – sourced from India, Rwanda and Costa Rica – should be introduced on a commercial scale in early 2010. According to TransFair USA, the Fair Trade Certification will be the first ever garment certification to guarantee higher wages to garment workers, at twice the legal minimum wage in producing countries.

As a result of the absence of a Fair Trade Certification for garments, fair-trade clothing has been slow to emerge on the US market, and has not gained anywhere near the prominence that fair-trade food products such as coffee, which can be purchased at any Starbucks, have. American Apparel, which manufacturers all its clothes in downtown Los Angeles, is the only mass-market brand recognized by consumers as a fair-trade business in the United States, while Fair Indigo, which relies mainly on internet and catalogue sales, markets upscale fair-trade clothing. Meanwhile, fair-trade fashion brand Edun offers high-priced garments through upscale retailers such as Saks and Nordstrom.

3. OUTLOOK

Opportunities

According to industry sources, world textile demand is expected to rise by 3 to 4.5 times from 2000 to 2050[37]. The environmentally and socially sustainable production of cotton fibre and cotton fibre products may prove crucial in meeting this demand without compromising the livelihood of future generations. There is a real potential for African cotton, which uses less chemical inputs than American, European or Chinese cotton, and provides a livelihood for millions of farmers in West and Central Africa, to benefit from the interest of both industry and consumers in organic and fair-trade cotton[38].

While it is estimated that more than 10 million people in West and Central Africa depend upon cotton production for their living[39], the prices that farmers get for their cotton often do not cover the costs of production. By producing organic or fair-trade cotton, farmers can obtain prices that are higher than those for conventional cotton. According to the Fairtrade Foundation, the price received by farmers for fair-trade cotton in 2005/06 was 40 percent higher than that for conventionally traded cotton in Senegal, and 70 percent higher in Mali[40]. Meanwhile, farmers producing organic cotton can earn up to 30 percent more per kilo than their conventional counterparts[41].

Consumers are likely to become increasingly aware of the social and environmental conditions in which the products they purchase are manufactured, and insist on buying from suppliers who share their values. While the current economic downturn may have an impact upon the rate of growth of organic and fair-trade cotton sales, sales are still expected to increase significantly over the course of the coming years. Indeed, research suggests that when faced with economic uncertainty, consumers choose their purchases more carefully, favouring products that demonstrate greater value, even when more expensive[42].

With both global production of and consumer interest in sustainable cotton increasing, and growing commitment to sustainable fibre use by manufacturers and retailers across the spectrum of styles and demographics, the market for organic and fair-trade cotton fibre products is likely to continue to grow in the foreseeable future. While the growing involvement of large textiles brands and retailers is fuelled by the current wave of ethical consumerism, the increasing availability of ethically produced textile items – combined with widespread media coverage – in turn strengthens consumers' interest in and willingness to purchase these items[43].

The growth of the sustainable cotton market is expected to be further stimulated by the development of new certification systems, information tools and business models by non-governmental organizations such as Organic Exchange, Organic Trade Association, Made-By/Solidaridad, Helvetas, Soil Association, Oxfam, Fair Trade Foundation etc., which help suppliers develop and implement environmentally and socially sustainable cotton programmes. The "Business to Business Online Marketplace" of Organic Exchange[44], the "Directory for Organic Cotton and Organic Cotton Products"

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[37] *Terhaar (2008).*
[38] *Agence Française de Développement (2008).*
[39] *FAO (2004).*
[40] *Fairtrade Foundation (2008).*
[41] *IRIN (2009). However, it is unclear whether the higher prices paid for organic cotton compensate for the lower yields of organic production. Organic cotton may be more profitable than conventional cotton when world oil prices, and thus the cost of chemical inputs, are high; and less profitable when oil prices are low.*
[42] *N. Chiarelli of GfK Roper Consulting, cited by Condit and Marquardt (2009).*
[43] *ITC (2007).*
[44] *See www.organicexchange.org.*

of the Pesticide Action Network[45] and "Organic Link" of the International Trade Centre[46] are online business-to-business marketplaces, supplying information regarding the actors involved in the supply chain of organic cotton[20].

Challenges

- The challenge facing the development of the market for organic and fair-trade cotton and cotton products is not demand – it is the supply which is holding back organic cotton from conquering larger shares of the cotton market. Indeed, the supply of organic cotton is currently too limited to allow large brands and retailers to mass-market 100 percent organic garments, and the growing number of retailers wanting to offer eco-friendly clothing is facing a crunch[47]. According to ITC (2007), the marketing of organic cotton has been so successful over the past years that new entrants risk becoming disappointed by the lack of product availability and loose interest in organic cotton.

- According to ITC (2007), more than half the global production of organic cotton is in the hands of two companies, while the 25 largest brands and retailers absorb some 50–60 percent of the global organic cotton supply. The high level of concentration at the supply side, coupled with the limited overall volume of organic cotton traded worldwide, makes for a potentially volatile market, where conditions can change abruptly as a result of shifts in the commercial strategy of a limited number of large retailers and brands.

- The high-street fashion industry prides itself on instant responsiveness to the short-lived trends of the fashion business, requiring garments to be disposable and cheap. This philosophy is in complete contrast with the nature of organic cotton production, which requires a long and often costly conversion period, or the fair-trade ethos of long-term trading relationships, pre-ordering, fair prices and non-exploitation of workers' rights along the supply chain. It remains to be seen whether the brands and retailers that explicitly market organic or fair-trade cotton items today will be able to sustain their commitment in the long term[48].

- The development of the market for environmentally and socially sustainable cotton products has been, and will continue to be, demand-driven, fuelled by a consumption trend towards ethical products. However, little is known about the perception and appreciation of "organics" in textiles and clothing. Unlike their counterparts in the food sector, marketers of organic cotton products cannot use the health argument when communicating the organic nature of their garments to consumers. In addition, the current legislative void as to the labelling of organic and fair-trade cotton fibre products, and the resulting proliferation of private voluntary certification schemes[49], is confusing to consumers. Private certification schemes, no matter how stringent, are only valuable if they are understood and trusted by consumers not to be marketing ploys playing upon their desire to purchase ethically. Indeed, the lack of regulation of the term "organic" or "fair-trade", and

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[45] *See www.organiccottondirectory.net.*

[46] *http://www.intracen.org/dbms/organics/index.asp.*

[47] *Harkin (2007).*

[48] *Tickle (s.d.).*

[49] *UNCTAD, in collaboration with the European Commission and the Secretariat of the African, Caribbean and Pacific Group of States, is currently developing a web portal on economic, environmental and social sustainability claims, which is to substantiate sustainability claims for consumers and provide information and operational guidance to producers, manufacturers, importers and retailers. See <http://193.194.138.42/en/Sustainability-Claims-Portal/>.*

the fact that any brand or retailer can label its garments as “organic” or “fair-trade” without third-party certification, is detrimental to those brands that do pay out for the official seals and confusing to the public, which is unable to differentiate between self-declared “green” or “fair” brands and those that comply with the requirements of third-party certification schemes.

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