



FINAL

**ICAC Plenary Meeting
2nd- 5th December 2023
Mumbai, India**

**PSAC's Committee on Producers and Ginners
Recommendations on policy making for traceability**

Challenges and concerns regarding current and upcoming traceability regulations and traceability solutions present in the world:

In summary:

There is no impact nor positive change without proper and secure traceability, and that is why the cotton industry supports it.

Global cotton production varies significantly, from the most remote and informal areas in the global south, to the automated big farms in the global north. In all cases, cotton is the most important natural fiber, contributing to the stability and resilience of the world rural communities.

Considering its size and global reach, cotton is probably one of the most important and better organized agriculture and industrial sectors, better positioned to quickly produce results in the global livelihood and climate agenda. This is our mandate, and this is why the group has decided to work on the traceability topic, as the entire transformation process starts with proper and secure traceability, and no origin should be left behind.

On the main challenges:

- Most of the current traceability solutions start at bale (ginn) level. It is fundamental to note that complete traceability requires traceability from farm level.
- In most of the global north origins, production tends to happen in commercial farms, formal and well identified, some even already using remote sensing technology, and with own ginning (or directly linked to it). For this case, traceability solutions can be quickly adopted, if the above referred challenges are properly addressed.
- In most of global south origins, production tends to happen at the household level. Micro farms, some in the most remote and harsh places on earth. In some of these regions, the majority of the population might not even have an identity card. Production is informal, and, most of the times, there are middle-men linking the small farmers to the gins (which



are the door to the formal world). In this case, traceability from farm to ginn represents a much bigger challenge, particularly in terms of systems and operating requirements (linking the physical to the digital world).

- Considering the tremendous pressure coming from the end consumers and legislators on the traceability aspect, it is fundamental to ensure solutions, budget and proper implementation road-maps, that give a fair opportunity, in a leveled playing field, for all origins to adopt traceability. Otherwise, we face the risk of excluding the areas with higher needs, when what the world wants and needs is exactly the opposite.

- **Specific challenges:**

- Most of the available traceability solutions start at ginn level, and not at farm level.
- Some of country specific traceability solutions don't certify outside their countries of operation.
- Most of the available traceability solutions aren't still effective or ready to be adopted in the majority of the small-scale farming communities of the global south.
- There is a lack of a clear definition of traceability and a set of criteria for each producing origin, that the existing certifications could follow. The result is duplication, entropy, cost increase, and compliance and audit fatigue, which is becoming more and more difficult to manage, particularly for the small-scale producers.
- Traceability has and will continue to have a cost, tending to be higher in the small-scale origins, for the presented reasons. It is imperative to ensure budget support, so that all origins are given the same opportunity to adopt it.

- **Specific recommendations:**

- Have a common definition of traceability and a set of minimum criteria, that may promote collaboration and efficiency, reducing duplication, cost increase and compliance fatigue.
- Have a clear and concise bale identification system.
- Special consideration should be given to small-scale farming origins, where farm to ginn traceability still requires R&D, allowing a gradual and realistic implementation road map, with the necessary budget support.