



**Private Sector Advisory Council's
Final Statement on
'Private Sector Recommendations for Policy Making on Traceability'**

The cotton and textile value chain recognises traceability, sustainability, and responsibility for its potential to create a positive impact for people and planet. We think these processes will provide visibility to not only climate and environmental aspects of cotton but also to our large and small-holder farmers, and small and mid-size businesses, who work in the entire cotton and textile value chain. This runs from producers to brands and retailers, whose livelihoods are directly impacted by any changes in the industry.

Considering this, the PSAC discussed some current and upcoming traceability regulations and solutions, and we — as a collective voice from the entire cotton and textile value chain — have some comments and recommendations that we urge governments to adopt while formulating traceability policy:

- Traceability and sustainability should go hand in hand. We are unaware of any similar traceability requirements being required of man-made fibres, which could have negative effects on the environment. At the very least, we think that at a minimum, governments should consider subjecting man-made fibres to the same levels of traceability and sustainability standards as natural fibres to level the playing field. In the meantime, cotton fibre should be the 'preferred' fibre as we continue to develop improved traceability systems to improve our sustainability goals.
- Cotton is not just another fibre used in textiles, but a sector that supports the livelihoods of millions of farmers, traders, shipping and warehousing entities, factory workers, and retailers across the globe, and often is the only source of income for many poor households. Cotton is vital to increasing the income of small-scale farmers and downstream stakeholders and is crucial in supporting economies of many developing nations, for which cotton is one of most-traded commodities. Cotton is both the most abundantly produced natural fibre and a crop that brings stability and resilience to the economies of many nations. With the new technologies available, such as structured traceability and regenerative farming techniques, cotton can be the engine of economic and environmental transformation, a global sector that can quickly react to and transform the carbon and climate agenda.
- Members of the PSAC understand that no traceability standard is sufficient to provide complete credibility, and as a result, governments should encourage standardising the processes for rules systems, utilising validation tools to make the process as simple as



possible. The goal is to make things easier for companies and customers to reduce costs and promote widescale adoption. A key component of this is the implementation of individual bale identification. Governments should also consider standardising data capturing models on a 'fibre forward' basis regarding the minimum amounts of data that will be required and used to track transactions. Consideration must also be given to fibres that are blended. This will help in reducing 'audit and reporting fatigue'.

- Special consideration should also be given to small-scale farmers, as well as small and mid-sized textile and retail businesses. It is difficult for them to integrate into a market structure without resources and support, but they are essential elements of the value chain. These moves should not come at the expense of smallholder farmers or small textile and retail businesses, but rather, to their benefit. Simply put: the currently available traceability technologies are both expensive and technologically challenging for small holder farmers and smaller industrial units to implement and can eat into their already tight margins.
- Governments should consider working together as much as possible to create a globally acceptable definition of 'sustainable cotton', thus setting specifications/regulations so the private industry can establish and implement tools for their measurement and tracing. Similarly, regulations regarding the import of textile products must be mindful to not create unintended consequences that could harm value chain actors. It must also take recycled cotton into consideration for lifecycle analysis and informing future standards and regulation.
- Governments should consider providing different — yet fair and firm — timelines for developing and underdeveloped countries to adopt and adapt to the regulations. Special consideration should be given to smallholder farmers and firms seeking to gain certifications needed to access markets. This is a long-term process. Total industry awareness is vital, and capacity building is critical.
- Governments and International Organisations should collaborate to take the initiative by providing funding and resources to launch traceability and sustainability initiatives, and the supply chain must take the lead to implement, sustain, and further develop these initiatives going forward, thereby ensuring that the costs are not borne by the producers.