

The human cost of Chinese cotton: how does it impact SA?

The Center for Global Policy released <u>a report</u> in December detailing how ethnic minority labourers in the Xinjiang region in China - which produces 85% of the country's and 20% of the world's cotton - are forced to pick cotton by hand through state-mandated schemes and which potentially could have devastating consequences for global supply chains that use the region's cotton as a raw material.



Oredit: Carsten Vollrath from Pexels

In January, the British government indicated that they were going to tighten up controls regarding imports from the Xinjiang region and that companies will have to publish supply chain transparency reports or face the risk of being fined. This was followed by the US and Canada both banning imports from the Xinjiang region.

Brian Brink, executive director of the Textile Federation (Texfed), says considering South Africa's close and tight diplomatic relationship with China, the chances are slim that there will even be a mild rebuke from South Africa regarding China's alleged human rights record or practices.

Forced-labour product to seek alternative markets

"Given that the SA government has been unsuccessful in even addressing illegal, undervalued clothing imports from China over the last two decades, to expect them to control the origin of the cotton content of clothing originating from China is, I suspect, a rather forlorn hope," says Brink.

Furthermore, Brink believes that as a consequence of countries like the US's embargo on cotton goods from Xinjiang, there will be increased volumes of forced-labour-produced product seeking alternate markets throughout the world.

This does not bode well for countries like South Africa where illegal, undervalued clothing imports is already a big problem.

Paul Theron, acting executive director of the Apparel Manufacturers of South Africa (AMSA), says it is a complex issue with apparent allegations, but no proof, although the industry is highly suspicious of China's practices.



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Local clothing retailers

South Africa's prominent clothing retailers – including Woolworths, Mr Price Group, Pepkor and Truworths International – were approached for comment on the policies they have in place regarding the raw cotton used in their merchandise.

According to Woolworths spokesperson, Silindile Gumede, the group has no supplier relationships in China's Xinjiang province and does not source finished garments made using slave labour from the region or from North Korea.

"We audit our suppliers via independent third parties to ensure that the group's own Code of Business Practices is upheld and are committed to partnering with suppliers and industry stakeholders to protect and improve conditions and promote worker empowerment. Woolworths does not under any circumstances tolerate forced labour, and we will act quickly to address unjust labour practices should concerns arise within our supplier base," says Gumede.

Pepkor – the holding company of retailers like Pep and Ackermans – says its sourcing office in China follows a process that includes inspecting and rating compliance levels of suppliers on a bi-annual basis to ensure that the group complies with the necessary labour laws and regulations across its value chain. The group says none of its retailers source from the Xinjiang province.

The Mr Price Group, through its group head of investor relations and corporate communications, Matthew Marriner, declined to participate for the purpose of the article. Truworths International did not respond to the request for comment.



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Cotton value chain is highly complex

Theron says he sees challenges in identifying cotton originating from the Xinjiang region as cotton is a generic fibre. "And as China is also a major importer of cotton, it becomes even more problematic in identifying the source of fibre once blended and processed further."

The cotton value chain is highly complex, with blending of the product happening as it makes its way through the value chain. This makes it difficult to identify the original source of the raw cotton picked on the farm, in the final, manufactured product. This means that, for instance, a cotton t-shirt that says it is manufactured in China, Bangladesh, Eswatini or South Africa, can include raw cotton that has its origin in different cotton-growing regions and countries.

The blending of cotton happens at the spinning process, where lint is converted into yarn, at the knitter/weaver where the yarn is converted into greige fabric and even at the manufacturing stage, for instance in the case of a pair of cotton trousers, where the inner lining of the pockets can be made from different cotton than the outer shell.

Retailers can do more

Despite the difficulty in tracing the origins of cotton used in manufacturing the final product, Thomas Robbertse, founder and executive director at iQ Logistica – the agtech company which developed the cloud-based SCC Operations Visibility Platform that integrates the local cotton supply chains – says retailers can do more regarding the visibility of their supply chains.

"Technology like ours allows for greater visibility of supply chains right through, from the farm to the customer. However, in order to function optimally, it is essential that every role player in the supply chain commits to the process. It is good and well to claim that there are no abusive labour practices, or for that matter also any sustainability shortcomings, in one's supply chain, but the only way to instil confidence, is to prove it, which traceability platforms like ours facilitates."



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Offer full traceability - Better Cotton Initiative

The Better Cotton Initiative (BCI) – the largest cotton sustainability programme in the world which locally includes Woolworths and Pick n Pay Clothing as their retail members – says legislation requiring businesses to demonstrate knowledge of their supply chains is becoming more common around the world. It says companies are not only being asked to know more about the origins of their materials but also about the conditions under which they are produced.

"Increasing media and academic attention on geopolitical issues, including the treatment of Uyghur Muslims in the Xinjiang area of China, has further demonstrated that production location and sustainability are crucially interlinked," says Amy Jackson, BCI director of membership and supply chain.

Up to now, the BCI has made use of its Chain of Custody (CoC) framework that incorporates the concept of "mass balance" – a widely-used volume-tracking system that allows Better Cotton to be substituted or mixed with conventional cotton provided equivalent volumes are sourced as Better Cotton.

"But as our world progresses, we recognise that it is time to explore going beyond this mass balance CoC model to offer full traceability and even more value to Better Cotton farmers and companies. For Better Cotton, this means that, at minimum, we seek to determine the region in which the seed cotton was produced and identify the businesses involved in its transformation to a finished good," says Jackson.

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