SUPPLY CHAIN SPOTLIGHT BC



Throughout 2014, we are working with pairs of ginners and spinners to highlight the efforts of those who are making Better Cotton a reality. They are proof of a system that works, and which is gaining momentum. Here they tell us in their own words why others should join the movement and continue to procure more and more Better Cotton.

Be part of something Better.

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OUR BCI GINNER AND SPINNER PAIR, CHINA:



GINNER: Mr Li Haiyong, Binzhou Yuhai Cotton Co. Ltd.

Yuhai Cotton Co., Ltd was established on 17th July 2006. The main business of the company is the delivery and processing of seed cotton; purchases and sales of lint cotton; processing of cotton seeds, short fibres and the sterile seeds and the processing of used cotton. The company's annual production of lint cotton is more than 3,000 MT. The company has gained trust and a good reputation from numerous farmers and enterprises due to its principles of quality and credit first.



SPINNER: Mr Xu Zebin, Shandong Xinyi Textile Co. Ltd (sub branch of Shandong Huitong Textile).

Shandong Xinyi Textile Co. Ltd was founded in Jan 2011 with 1 million RMB registered capital and 2 million RMB enterprise assets. It is a branch of the Shandong Huitong Textile Group. It currently has 150 employees and its main products are denim fabric dedicated cotton yarns, such as Slubby yarn, Stretch yarn and Raw yarn. The annual production is more than 3,000 tons and annual turnover is 9.6 million RMB. In 2011, the company was rated as an advanced unit by Dong A County Government. In 2013, it was rewarded as the creditworthy company by Liaocheng City Government.



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WHY BETTER COTTON?

YC: It's a good opportunity to help farmers to improve their farming technologies - especially in Binzhou area. Most of the cotton land here is barren alkaline soil, and so the farmers really need help to improve their practices. Through BCI, the farmers livelihoods can be improved through lower pesticide and fertilizer cost and increased profits. To my knowledge, In 2013, BCI project farmers saw around 2,000RMB/Ha more profit than in 2012. Also, long term, BCI supports the business growth of our ginning company, leaving a better future for our grandchildren.

SXT: When we became aware of the Better Cotton Standard System, we added a new business rule in our company: 'Being fair to employees.' This is an important criteria of Decent Work and shows the company's social responsibility. In addition, we modified our cotton purchasing process to increase the proportion of Better Cotton and other sustainable cotton we purchase. It is a great honour to be a member of BCI.

HOW DID YOU FIND YOUR SUPPLY CHAIN PARTNER?

YC: Huitong Textile introduced Better Cotton to us. We had a good business relationship with Huitong, and were their first choice as a BCI project ginner. In 2013, we produced our first bale of Better Cotton. Our total Better Cotton lint production was around 4,000MT, though most of our bales (aside from Huitong's consumption) were sold to the state reserve. In 2014, the government will end the reserve policy, and all ginners must find clients by themselves. We think this will be a good opportunity for us. Because we have Better Cotton, we have more potential clients than conventional cotton ginners.

SXT: Cooperation with Yuhai has been in place from the beginning. We had a good relationship based on several years of working together. Both sides, in line with the principles of good faith and the target of long-term cooperation, reached an agreement to be part of the production chain for Better Cotton.

DID YOU ENCOUNTER AND CHALLENGES IN SUPPLYING OR PURCHASING BETTER COTTON?

YC: Our management team participated in a series of training sessions delivered by BCI and before cotton picking season, training was delivered to employees. At the beginning, we faced some challenges such as the lack of awareness of segregation and cleaning processes, meanwhile, more cleaning requirements and strict management increased the workload. After the continuous efforts to learn and correct these issues, we were on the right track. Production is smoother now.

SXT: We received our first Better Cotton order from H&M in 2012. As a key supplier to H&M, we needed to correspond with their approach, so we started to purchase Better Cotton. It was difficult to find Better Cotton at the time and prices were high. The management team moved their sights to a Better Cotton farming project. The project stabilised our Better Cotton supply. The price is now under control, and at same time, it will improve farmers livelihoods and the environment. It's a win-win business for both us and the farmer, so Huitong became an Implementing Partner of BCI in the Binzhou area.

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WHY SHOULD OTHER SUPPLY CHAIN ACTORS BECOME BCI MEMBERS?

YC: Better Cotton is a good platform for members to show their social responsibility. We now find it easier to make contact with other business partners too. Being part of BCI also brings us more modern management and marketing knowledge. The supply chain events and regular training sessions are great opportunities to show others the advantage of working with us.

SXT: As a member of BCI, we have more stable customers. More and more customers are asking for Better Cotton. BCI's system makes us famous through its membership platform and brings greater business opportunities. The Better Cotton Tracer allows us to issue Output Declaration Forms to prove the origin of our product, giving us and our customers more confidence in using Better Cotton. Mass-Balance gives us flexibility in business practice and helps us save on cost and decrease lead times.

WHAT DIFFERENCES, IF ANY, HAVE BEEN MADE TO YOUR CURRENT BUSINESS AFTER LEARNING ABOUT AND WORKING WITH THE BETTER COTTON STANDARD SYSTEM?

YC: BCI us to gain more high-value customers. After we got involved with BCI, we focussed more on the quality of production, especially in terms of contamination control. All employees were trained to wear hats and appropriate work clothes in the workshop to decrease foreign fibre. We also clean the machines more regularly. As for the improvements in working conditions, all the employees accept BCI's concept of Decent Work. The employees are more focussed on self-protection, and the management team are more focussed on sustainable development.

SXT: As an IP, we worked with BCI to train the project farmers to improve their farming practice and protect their own interests. We also influenced the conventional farmer's thinking - more local conventional farmers are interesting in joining BCI. As a spinner member, we gain more business and also publicise our company through BCI's platform. We take better care of our employees now, and focus on a more sustainable development.

WHAT DO YOU THINK THE FUTURE LOOKS LIKE FOR BETTER COTTON?

YC: BCI now needs to focus on greater promotion of spinners and fabric using Better Cotton, engage more retailers to use Better Cotton, which will help ginners receive more orders. Ultimately, this will help not only ginners, but also farmers to sell their Better Cotton more easily.

SXT: BCI should consider setting up a Better Cotton industry alliance through the current BCI platform, connect supply chain actors up and down the value chain more closely. Better Cotton supply should also be increased to help eliminate any price premiums.

"BCI supports the business growth of our ginning company, leaving a better future for our grandchildren." Mr Li Haiyong, Binzhou Yuhai Cotton Co. Ltd.

"BCI's system makes us famous through its membership platform."

Mr Xu Zebin, Shandong Xinyi Textile Co. Ltd