

POLICY BRIEF

PROSPERING IN THE CIRCULAR ECONOMY

THE CASE OF EUROPEAN TEXTILE & APPAREL MANUFACTURING INDUSTRY

The need for a Circular Economy is becoming widely acknowledged across Europe and it is addressed by businesses, society and policy makers; initiatives are booming.

Reducing waste, combined with an intelligent use of resources, has the potential to solve the gap resulting from natural resource scarcity and global growing population or consumption.

Hundreds of textile sector companies have, successfully, innovated and adapted their business models to better compete and deal with the change. The potential is, however, much greater.

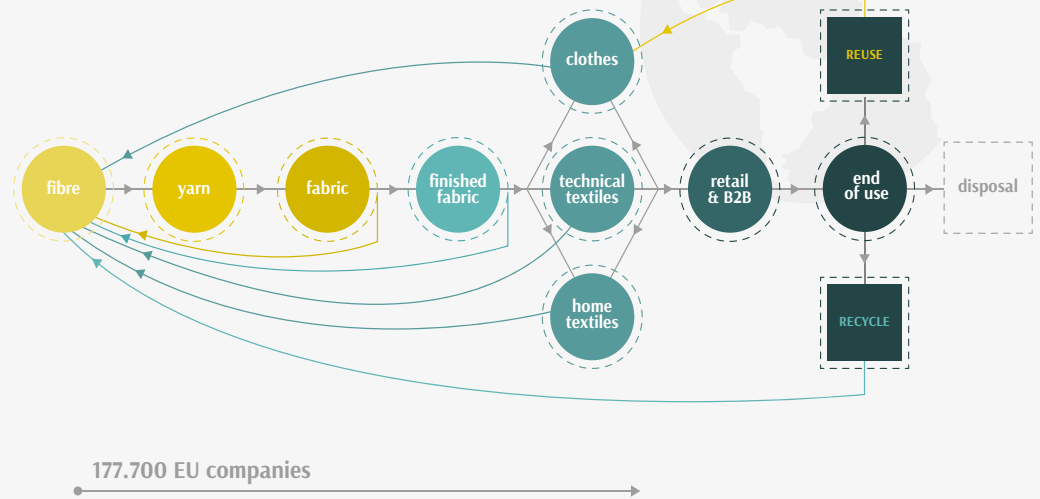
While continuing its transformation, the SME-based European textile and apparel industry is in a privileged position to deliver and prosper in the Circular Economy; in fact, it is both *close to consumers and instrumental to other sectors*.

In Europe, there is *already* a textile value chain capable of recycling fabrics, regenerating fibres and maximising resources in production.

This asset shall be consolidated and improved to profit from the opportunities of the Circular Economy and for which there is virtually no limit to growth.

Prospering in the Circular Economy will truly be achieved by bringing together the existing private and public initiatives, removing barriers, investing to foster technological innovation and stimulating the demand.

Circular Economy in textile & clothing manufacturing



CONSIDERATIONS

- Criteria to turn textile waste into **valuable resource**

The currently valid Waste Framework Directive generates legal uncertainty due to different interpretations of end-of-waste criteria including for textiles. Textile products are complex and are often made of different type of fibres and materials; it would be necessary to define criteria at EU level for which textile waste ceases to be waste. This would facilitate textile waste to become secondary raw material and a valuable resource for further uses.

Such EU wide criteria would provide legal certainty to national authorities and operators and clarify the application of chemical and product legislation.

Example: An integrated textile-clothing company sells half of the textile fibre residues as raw material on the European market but the current cost of managing, storing and transporting the “waste” almost outweighs the benefit. Having clear end-of-waste criteria would expand the fibres residue market and enable the company to obtain a higher price for the raw materials.

- Financial and administrative relief for **managing textile waste**

To encourage a smooth transition from linear to circular economy, the costs of managing and shipping textile waste from collection sites to recycles should be significantly lower than the costs of incineration or landfill. The latter practices shall ultimately disappear.

Example: A textile recycling company can cover the costs of transporting the waste from the collector to the recycler within an area of 250 km; anything above this distance is financially not feasible. Furthermore, administrative obligations put an additional burden for textile companies to effectively manage their waste.

• Stimulate demand for recycled material and textile collection

Numerous examples of companies and governments approaching the Circular Economy prove that voluntary initiatives can set up a market and a supply chain for recycled textile materials. Legal incentives and fiscal instruments should be considered to encourage the demand.

- Green public procurement

As one of the major consumers, public authorities have the opportunity to lead by example through supporting Green Public Procurement (GPP). This has an enormous potential to boost innovation for the Circular Economy, help costs reduction through scale economy and build up a Europe wider value chain.

Example: Successful cases have been reported in at least the Nordic countries, UK, Belgium, France and the Netherlands. Clearly not all products or public procurement may be satisfied by recycled materials, due to workwear specific functions, examples in the Netherlands and the UK suggests the existing voluntary initiatives can be expanded to workwear or can be introduced as new mechanisms in other countries.¹

- Collection schemes and partnerships

Some fashion retails and brands operate recollection schemes also in coordination with the recycle industry incentivising consumers action. More recently a call for commitment and greater use of recycled materials has been made in fashion². These initiatives shall be valorised while ineffective mechanisms would penalise Circular Economy.

Forced EPR (Extended Producer Responsibility) scheme at EU level without the right absorbing infrastructure would face important challenges including: sustainability of operation, increased pressure in the market to absorb second hand items and lack of a sufficient market for recycled fibres and technologies.

Voluntary collection partnerships at EU level would better define roles, responsibilities and benefits for each actor in the supply chain. Different recycling potential and treatment costs of materials shall be considered ("one size does not fit all"). It is, therefore, challenging to set an effective single EPR scheme.

Example: Currently, only one EU Member State has in place a mandatory EPR scheme for textile products. While this experience should be valorised, it is not possible to evaluate its effectiveness with other EU countries. A report by the European Commission notes that the most expensive EPR schemes are not necessarily the most effective.³



Fibre bales, Textile Recycling of SOEX Group

1 ECAP Report: European Textile and Workwear Market: the role of public procurement in making textiles circular: www.ecapeu.com

2 Global Fashion Agenda: www.copenhagenfashionsummit.com/global-fashion-agenda

3 EC Final Report "Development of Guidance on Extended Producer Responsibility (EPR)": http://ec.europa.eu/environment/waste/pdf/target_review/Guidance%20on%20EPR%20-%20Final%20Report.pdf

- **Investment** in sustainable textile waste management and **technologies**

SMEs make up the core of the textile manufacturing industry in Europe recognising the business opportunity for textile recycling, however, limited demand and infrastructure hamper further progress. The high cost of fibre sorting and limits in applicable technologies for mechanical/chemical recycling are considered as an obstacle to scaling up. Private and public investment combined with appropriate regulatory policy and business will greatly help the transition from linear to circular economy.

Example: To boost research and development in textile recycling such as in the project Resyntex, additional EU funding needs to be streamlined to the sector. This would greatly ease the companies' transition to circular economy and enable development of innovative business models.

- **Comprehensive approach** to **resource efficiency**

Setting mandatory eco-design criteria might overregulate the sector which already needs to comply with stringent environmental measures. A more effective approach would incentivise eco-design as well as include the entire life cycle of a product in a form of a voluntary use of the Product Environmental Footprint (PEF) accounting for overall production process and resource efficiency. This might stimulate importers to conform with European standards. SMEs would also benefit from training and supporting tools for eco-design while training on eco-design would be valuable for designers.



Recycling plant of SOEX Group



Fibre pulling, Textile Recycling of SOEX Group

- **Addressing chemicals** in waste

Ensuring that recovered materials are compliant with relevant chemical legislation would be accelerated by advanced and cost-effective chemicals detection technologies. Such mechanisms would provide for better tracking of chemicals of concern in products and would gain confidence of consumers and recycling/recovery investors. The European Commission is addressing the issue of chemicals and waste interface in the Roadmap and consultations which aim to overcome barriers of recyclability and chemical traceability.

- Investigate solutions for **microplastics**

Global awareness on the emerging issue of microplastics shall be constructively addressed. Research carried out by the European Commission and national initiatives in which the textile sector participates shall deliver a clear understanding of causes and possible options. Solutions shall be investigated at EU level with all concerned actors and supported also within the Circular Economy.

- **Consumers**

Positive consumption behaviour shall be encouraged and protected from misleading claims (“green-washing”). European and global consumers will ultimately reward the efforts made by the business and policy makers by choosing better products and by making the Circular Economy really sustainable.



KEY POLICY RECOMMENDATIONS

- Setting clear end-of-waste criteria for textiles to enable the textile waste to become secondary raw material
- Stimulate collection and demand for recycled textile materials through partnerships rather than forced schemes and with cost-effective Green Public Procurement
- Investing in textile waste management to overcome technological challenges
- Lowering the cost of textile waste management to de-incentivise landfill/incineration
- Drive sustainable consumer behaviour

A look ahead

Based on the European industry experiences, EURATEX will support collaboration with the relevant consultation platforms engaged in 2017 – 2018, advising policy makers and fostering opportunities.



The European Textile and Apparel industry

A key European manufacturing sector made up of 177.700 companies, 99% are SMEs, producing primarily in Europe and integrated in the global value chains.

This industry is transforming since 2004 when it starts to move away from mass market commodity goods to focus on high value, innovative and sustainable products and production which deliver garments to people as well as key materials for personal protection, sport, automotive, aerospace, construction, medical, and many other applications.

Europe is the world's second largest exporter of textile products generating €171 billion turnover and employing 1.7 million people.