

## 01. INTRODUCTION

In recent years, the introduction of extended producer responsibility (EPR) for textiles has been high on the EU's policy agenda. Among others, EPR is seen as an important tool to ensure the reduction of textiles' environmental impact, promote circularity, and ensure efficient end-of-life management. It is also one of the key policies that ought to support the implementation of the obligation for the EU Member States to separately collect textiles as of 2025. **There is an enormous opportunity in establishing an EU-wide framework on EPR for textiles**, which would not only ensure a level playing field for the textiles value chain, but also enable the reduction of textiles' environmental footprint.

The Policy Hub – Circularity for Apparel and Footwear, EURATEX, and EuRIC **welcome the EU Commission's intention outlined in the Textile Strategy – to introduce harmonised EU extended producer responsibility rules for textiles** - as part of the forthcoming revision of the Waste Framework Directive in 2023. Our organisations represent the key actors of the apparel and footwear value chain: manufacturers, brands, retailers, collectors, sorters, as well as recyclers. We joined efforts to propose a set of foundational principles that EPR harmonisation should be based on. They include the following:

1. **Harmonise objectives.**
2. **Harmonize scope and definitions**
3. **Harmonize key performance indicators**
4. **Harmonize fee structure and eco-modulation of fees**
5. **Harmonize compliance**
6. **Harmonize enforcement**

Harmonisation of these elements will ensure clarity and legal certainty for producers and importers selling across multiple Member States, reduce administrative burden in respect of reporting requirements (especially for SMEs), and increase the effectiveness of the EPR scheme in driving its objectives. Harmonised EPR would also increase the effectiveness of the fee modulation and the effectiveness of the R&D for new and existing recycling and preparation for recycling technologies across Europe due to economies of scale.

The following section of this white paper outlines what harmonisation of these elements should entail.

## 02. PRINCIPLES FOR A HARMONISED EPR

### 1. Harmonised EPR objectives

It is of paramount importance to harmonise the objectives of the EPR scheme for textiles. In this regard, we recommend that **the overarching objective of EPR for textiles should contribute to circular economy for textiles through enabling collection, sorting, reuse, preparation for reuse, preparation for recycling and recycling. It is, however, important to distinguish between when the EPR scheme is contributes to financing operations, and when it is investing in awareness raising and further innovation developing the circular ecosystem.**

Enabling higher quality reuse and textile recycling is dependent on high collection rates and efficient and effective sorting treatments. Today some segments of textile recycling technologies are mature to scale but are dependent on access to affordable well-sorted waste fractions (i.e., per composition, colour, or type of product.) Therefore, EPR' schemes must help to solve this bottleneck to transform textile waste into high-quality feedstock at scale. To address this,

The overarching objective of EPR should:

- **Support that textile waste collected is sorted and transformed into feedstock fit to be reused or recycled.**
- **EPR should support the innovation of technologies for sorting, preparation for reuse and recycling in Europe.**

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<sup>1</sup> Informal paper on the importance of EPR harmonisation in Europe, based on discussions with EU Member States and key industry stakeholders.

- EPR should **boost the market for recycled materials** with a strong demand for recycled post-consumer textile materials.
- EPR should ensure **the minimisation of textiles waste** and the number of textiles being incinerated or landfilled.

In addition to EPR fees, separate private/public investment is required for creating the industrial scale recycling infrastructure to close the loop in the textile sector. The EPR should finance operations described above to achieve high volumes of textile waste feedstock prepared to be reused or recycled.

#### EXPLANATION BOX: why is sorting & preparation for recycling infrastructure so important?

*In the coming years, tons of textiles will be collected as the EU Member States are obliged to separately collect textiles by 2025. It is also estimated that the textile waste in EU-27 and Europe will grow from 7.0 million to 7.5 million tons today to 8.5–9.0 million tons in 2030.<sup>2</sup> While a part of this waste will be channelled into reuse, the rest of the collected items will need to be recycled properly instead of ending up in landfills or in waste incineration. Thus, it will be critical that the EU contributes to increasing existing infrastructure for sorting and recycling and supports the building of new infrastructure to deal with this waste.*

*A common issue that textiles recyclers encounter is the need for well-sorted feedstock. For instance, some technologies, such as solvent-based recycling or chemical pulping recycling could in future treat up to 5-10 %; whereas thermo-mechanical recycling has very strict no-elastane requirements.<sup>3</sup> Therefore, the ability to sort textile waste by fiber characteristics with high accuracy and at scale is critical for the industry. Unfortunately, the current capacity to sort fibres has not reached its maturity. Often, sorting is done by small players (40-50%) who do not achieve the needed sorting accuracy.*

*If done right, scaling recycling in the EU could be the turning point for the textile industry to become truly circular. However, this can only happen with massive investments in the textile waste infrastructure needed to secure high purity sorting to enable recycling of fibres in the volumes needed to meet demand. Currently, we need €6-7 billion investments to scale textile-to-textile recycling by 2030. It will be also needed to **build sorting and recycling hubs**, e.g., the ReHubs initiative, that provide the capacity to deal with the collection levels of post-consumer products.*

## 2. Harmonised Scope and Definitions

To ensure a level playing field for market participants, it is critical that the EU clearly defines which products fall under the scope of EPR for textiles. All EU Member States should include the same types of textiles under their EPR schemes. It is recommended to start with a smaller scope and then expand it as the infrastructure gaps are addressed.<sup>4</sup> We recommend starting with the post-consumer textile products. The EPR should cover:

- **Clothing:** fibre-based textiles, non-fibre-based household synthetics, leather, other skins, etc.<sup>5</sup>
- **Footwear:** all materials.
- **Household linen:** e.g., bed sheets, duvet, covers, towels etc.

The scope should be defined based on the existing EU classification of products, e.g., Regulation (EEC) No 2658/87<sup>6</sup> as in the Dutch Proposed EPR scheme. Also, guidance or annexes with examples for doubtful cases should be provided. In this way, the textile waste that must be collected separately from 2025 will have an EPR scheme that guarantees adequate financing for its management.

#### Issue regarding definitions

The current lack of definitions related to textiles end-of-life management creates uncertainty and market fragmentation, whereby the difference in definitions leads to different approaches and therefore unequal results across the EU member

<sup>2</sup> McKinsey & Company, Scaling textile recycling in Europe—turning waste into value (2022), p.14 < <https://www.mckinsey.com/industries/retail/our-insights/scaling-textile-recycling-in-europe-turning-waste-into-value>>.

<sup>3</sup> Ibid, p. 39.

<sup>4</sup> Eunomia report p. 23 <http://changingmarkets.org/wp-content/uploads/2022/03/Driving-a-CE-for-Textiles-through-EPR-Final-Report-v2.0.pdf>

<sup>5</sup> Textiles product are products containing at least 80 % by weight of textile fibres as suggested by Art 2 of the Regulation (EU) No 1007/2011 on Textiles fibres and labelling < <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32011R1007>>

<sup>6</sup> Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A31987R2658>

states. Also, the current EU's definition of waste in the Waste Framework Directive (WFD)<sup>7</sup> is linear and omits the value and resources that discarded textiles possess. Therefore, it is of paramount importance that:

- **Textile sector-specific definitions** such as 'textiles waste', "recycling", "reusable", "recyclable", "remanufacturing", "textile-to-textile" are provided.
- **Particularly for the EPR, a harmonised definition of 'producer' is needed.** Such definition should be built on already existing standards, e.g., article 8(1) WFD.
- Any definitions introduced as part of EPR must be **fully aligned with the Waste Framework Directive (WFD) and Waste Shipment Regulation which are currently being revised.**

### 3. Harmonised Key Performance Targets

To achieve the objectives and goals of the EPR, it will be essential to set performance targets for PROs/Member States to drive improvements to textiles end-of-life management. **Harmonisation of targets on EU level is key to avoid any fragmentation of the market.** If the targets are not set at the EU level, then **it should be harmonised what type of targets can be set at the Member State level**, e.g., collection, reuse, recycling, etc. The MS should not be allowed to set other performance targets than these. However, the percentage of such targets could be left for the MS to decide taking into account the differences in national end-of-life management performance. **It is also key that the definitions and method on how to calculate these targets are harmonised at the EU level.** This will ensure that the progress towards the achievement of such targets is comparable among the Member States. The EU should undertake the research to better understand how the performance targets can be developed. It will be essential to ensure data collection prior to setting the targets.

Moreover, the performance targets should be both realistic and based on the goals that the EPR aims to achieve and could take the following forms<sup>8</sup>:

- **% of textiles placed on the market are collected.** The percentage of the collection target should increase based on infrastructure capacity.
  - Separate collection in store as well as separate collection by online retailers and online platforms should remain possible (e.g., online take-back systems).
- **Out of the collected textiles, % of the textiles are prepared for reuse;**
  - This target will depend on the quality of textiles products, which the ESPR aims at increasing.
- **% of the textiles placed on the market that are recycled at the end of life (recycling target).**
  - Out of the recycled textiles, **% of the textiles are recycled on a fibre-to-fibre basis.**
  - This target should be based in accordance with the waste hierarchy - only items that cannot be reused should be recycled. There needs to be proper data to assess how this target should be set in practice to ensure the most optimal results.
  - Recycling **targets should increase every few years** based upon feasibility, technological developments and build up of a European recycling infrastructure.
- Any targets set at the EU level must be **aligned with the revision of the Waste Framework Directive.**

When setting the performance targets, it will be **important that targets refer to mass units, e.g., tonnes rather than product units.** This will be crucial when trying to compare these targets with the textiles waste that was generated, which is based on tonnes. It should be possible to compare the tonnes of products put on the market with the tonnes that were collected, reused, recycled, etc.

Moreover, any performance targets must be **ambitious yet realistic** for the Member States acknowledging that any targets will only become reachable once the infrastructure is in place to deal with the expected volumes of waste. Hence, **a step-by-step approach should be considered when setting performance targets.** This process should be aligned with the development of infrastructure/ innovation needed to absorb and treat textile waste – which is still currently under development in the EU.

### 4. Harmonised fee structure and eco-modulation of fees

To ensure level playing field **a common fee structure for the EPR scheme across the Member States is needed including harmonised eco-modulation criteria.**

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<sup>7</sup> According to Article 3(1) of the Waste Framework Directive, Accordingly, 'waste' means any substance or object that the holder discards or intends or is required to discard.

<sup>8</sup> EuRIC in addition also support recycled content targets.

The EU's Textile Strategy clearly states that harmonised rules on the eco-modulation of fees will be proposed as part of the WFD revision. We support this proposal and would like to emphasise that **modulated fees must be replicated consistently by all EU Member States**. If this is done, the modulation impact will be greater as it will send a much stronger and clearer incentive for producers to change their product's design, than if different criteria were applied across Member States.<sup>9</sup>

**Moreover, the eco-modulation of fees should be directed towards the achievement of the EPR's objectives** (outlined in section 1). To contribute to the circular economy for textiles the eco-modulation of fees should be based on the sustainability criteria **identified in the upcoming regulation on the Eco-design for Sustainable Products (ESPR)** such as durability, recyclability, recycled content, etc.<sup>10</sup>

## 5. Harmonised compliance

Harmonization of the traceability and reporting systems **is key to ensure comparable data at European level to set performance targets and assess its compliance**, as well as to reduce administrative burden for producers. Harmonising the way in which producers report to EPR schemes will be critical to avoid the situation, where producers may have to deal with widely varying reporting requirements and categories across the different Member States.<sup>11</sup> At the same time, harmonising reporting will also help to facilitate future increases in the granularity of EPR fee structure.<sup>12</sup> We propose to harmonise the following:

### Reporting for producers:

- They should report on the **type and number of textile products placed on the market of each Member State (e.g., in kilograms)**.
- Reporting frequencies must be held to the minimum and harmonised at EU level.
- Reporting for SMEs should not become too burdensome and conducted in an efficient and harmonized manner.

### Reporting for the EPR scheme:

- **The reporting of data on material flows should be harmonised.**
- **The reporting of data on the collection and treatment** of waste specifying each step of the management (collection, sorting, textile to textile recycling or downcycling, recovery and landfill) **should be harmonised.**
  - Harmonising this will be key to track how the EU Member States both contribute to ensuring an European secondary raw materials market, and participate in meeting the EU's environmental goals for the textiles sector.

There is also a need for a **harmonised traceability system compatible with a model that avoids unnecessary costs or excessive bureaucratization**. In line with this, we propose a traceability system based on the following general principles:

- Ideally a centralised system at the EU level, or at a minimum interoperability of national systems if systems are chosen at the level of each Member State.
- Guidelines or minimum requirements are established in a harmonised way at the EU level to ensure that the information is reliable, sufficient, and comparable.
- Avoid national regulations that generate distortions or non-comparable information or impose unnecessary burdens.

## 6. Harmonised enforcement

### The issue of enforcement

Enforcement across the Member States remains a problem in the EU. Therefore, **harmonised EPR should set clear rules and obligations for actors, so that they do not fall into any grey areas**. Responsibilities of all relevant actors (producers, importers, distributors, distance sellers, organizations implementing PROs, private or public waste operators, e.g., recyclers, local authorities, and re-use and preparing for re-use operators and social economy enterprises) should be defined. All relevant

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<sup>9</sup> Eunomia (2022) Driving a Circular Economy for Textiles through EPR, 28<sup>th</sup> February 2022, p. 36 <<https://www.eunomia.co.uk/reports-tools/driving-a-circular-economy-for-textiles-through-epr/>>.

<sup>10</sup> See article 1 in proposal on the Eco-design for Sustainable Products Regulation.

<sup>11</sup> Eunomia (2022) Driving a Circular Economy for Textiles through EPR, 28<sup>th</sup> February 2022, available at <https://www.eunomia.co.uk/reports-tools/driving-a-circular-economy-for-textiles-through-epr/>.

<sup>12</sup> Ibid, p. 35.

actors should be included in the governance of the EPR/PRO. **We also recommend establishing an EU-wide consortium of PROs to ensure that all stakeholders abide by the same rules and to exchange experiences.** Such cooperation will also help to better coordinate the currently dispersed research, development, and innovation on the end-of-life management of textiles.

Moreover, the same requirements must be fully applicable for imported products and for distant/cross-border selling producers to minimise the risk of free-riding. In this regard, **the role of new operators should also be regulated, such as online sales platforms (marketplaces) and online retailers. Online platforms and retailers must be subjected to EPR requirements.** It will be particularly critical to ensure a level playing field between the EU and third country online retailers. In this regard, ensuring enforcement is of paramount importance. If the EU does not have a strong EPR enforcement, this could lead to an unfair competitive advantage to online marketplaces and companies based outside of EU. Moreover, online platforms need to make sure that brands selling on their platforms have paid their EPR fees and are held to account if not paid.

To further facilitate the monitoring and control of compliance with the obligations of producers, **we recommend using a Unique Identification Number (UID)** – as currently applied in the French EPR scheme. The harmonized definition of the UID numbers and format at EU level is also essential, so that the differences between member states is kept at a minimum. **UID should be required as proof for producers** that they comply with EPR requirements.

## **ABOUT**

### **THE POLICY HUB – CIRCULARITY FOR APPAREL AND FOOTWEAR**

The Policy Hub- Circularity for Apparel and footwear unites the apparel and footwear industry to develop ambitious policies that accelerate sustainable practices. We represent more than 700 apparel & footwear stakeholders, including brands, retailers, manufacturers, and NGOs. We gather the technical expertise and knowledge from members of our partner organisations: Sustainable Apparel Coalition (SAC), Global Fashion Agenda (GFA), Federation of European Sporting Goods (FESI), and Textile Exchange. In close collaboration with policymakers, the Policy Hub draws on these technical inputs to propose ambitious policies for the textiles industry in Europe.

### **EURATEX - EUROPEAN APPAREL AND TEXTILE CONFEDERATION**

EURATEX is the European Apparel and Textile Confederation, representing the interests of the European textile and clothing industry at the level of the EU institutions. As the voice of the European industry, EURATEX aims to create favorable environment within the European Union for manufacturing of textile and clothing products. Textile and apparel manufacturing is an essential pillar of local economy across the EU regions. EURATEX member federations represent in the EU some 160,000 companies with a turnover of €162 billion, employing 1.5 million workers.

### **EURIC - EUROPEAN RECYCLING INDUSTRIES' CONFEDERATION**

EuRIC represents the recycling industry at a European level. Gathering the vast majority of national recycling federations from EU/EEA Member States, the Confederation represents about 5,500 recycling companies – from market leaders to SMEs – generating an aggregated annual turnover of about 95 billion € by treating various waste streams such as household or industrial & commercial waste including ferrous and non-ferrous metals, end-of-life vehicles (ELVs), electronic waste (WEEE), packaging (paper and plastics), end-of-life tyres or textiles.