

EURATEX recommendations for the incoming Spanish Presidency of the EU

June 2023



On 1 July, Spain will take over the Presidency of the Council of the European Union from Sweden to take the lead on important EU policy files during the second half of 2023. The difficult economic and political context, resulting from the war in Ukraine and the consequences of the inflation on consumer prices will continue to influence the work programme of the new council leadership and consequently have an impact on the European Union's political direction. However, for the textile sector it is crucial that the incoming Spanish Presidency helps to facilitate the green and digital transition of the sector through investment support for innovation and research as well as setting a level playing field in the global competition.

The textile and clothing industry covers a range of activities from the transformation of natural or man-made fibres into yarns, to the production of a wide variety of products such as hi-tech synthetic fabrics, bed linens, industrial filters, clothing and fashion. Without textiles, no cars, airplanes or buildings can be built, nor can agri-food workers, defence and security forces, do their work in full.

With over 160.000 companies employing 1.3 million people and generating €169 billion turnover (2022), the European textile industry is a vital part of European society. Textiles have a profound impact on the local economy and on local communities across all EU regions by generating jobs and creating business opportunities; also, European textiles and fashion is an integral part of European culture with deep root in cultural heritage while setting the creative trends all over the world.

To maintain a competitive and sustainable European textile industry, EURATEX invites the Spanish Presidency to consider the following priorities:

- **Creating a level playing field in the textiles value chain through SME friendly Ecodesign rules**

The proposal for Ecodesign Requirements for Sustainable Products Regulation (ESPR) sets a framework to improve the environmental sustainability of products and their circularity. Textiles are a priority, with specific requirements expected to be set in a Delegated Act. Worldwide companies selling in the EU market will have to comply with Ecodesign requirements for performance and for information, the latter via a newly introduced Digital Product Passport. Industry must be involved in setting the requirements which should reconcile high environmental objectives, feasibility and competitiveness. Appropriate and harmonised measures should help SMEs in the transition. Member States should be enabled to install effective market surveillance to protect citizens and ensure a level playing field.

EURATEX asks the Spanish Council Presidency to ensure a fair global competition when drafting these new ecodesign rules.

- **Harmonise textile provisions in the revised Waste Framework Directive**

The mandatory collection of discarded textiles pushes Member States to issue legislative provisions already by 2024. The revision of the Waste Framework Directive is the last expected legislative proposal and it is an opportunity to avoid fragmentation in the single market, to harmonise the Extended Producer Responsibility schemes under development, and to focus resources which enable the circular transition in textiles.

EURATEX asks the Spanish Council Presidency to harmonise standards in a common single market and thus enable circularity in the textiles ecosystem.

- **Enable a secured collection and processing of data in the global textile supply chain**

The textile industry has undergone a significant digital transformation in recent years, driven by increasing consumer demand for personalised products, integrating IoT applications in textile manufacturing, automated production and logistic processes and new industry 5.0 approaches, that are significant in the textile production. The digitalization of the sector needs new ways of secured data collection. Strong protection for trade secrets and cybersecurity are necessary to avoid unintended consequences in data sharing and a smooth and adequate implementation of the respective legislation like the EU Data Act to achieve a digital, resilient, and competitive single market is needed.

EURATEX asks the Spanish Council Presidency to make data security a priority in the EU Data Act.

- **Strengthen social equality in the textile ecosystem through adequate funding possibilities for the TCLF Skills Alliance**

Employing the competent people with the right set of skills is crucial for the success of the textile sector. In a highly competitive labour market, to do so has become increasingly challenging especially when the average age of the workforce is now over 50-year-old. Reskilling and upskilling possibilities and methods are crucial to cover the sector's new skills needs resulting from the green and digital transition. Improve the sector's reputation and outside perception is equally key. The textile sector must become a modern and attractive industry for young people, who put sustainability and innovation at the core of their values. The development of new educational schemes is therefore crucial and needs to be supported. The TCLF Skills Alliance under the European Pact for Skills is committed to help the sector master this transition. Already more than 160 stakeholders of the sector are committed to the goals of the TCLF Skills Alliance which can only be achieved through adequate funding possibilities to implement the foreseen activities on a long term.

EURATEX asks the Spanish Council Presidency to secure long term financial support for the TCLF Skills Alliance.

- **Investments in innovation and research via a new European partnership on textiles under Horizon Europe**

The green and digital transformation of the textile sector has been made a priority by the European Commission publishing the EU Strategy for Sustainable Textiles in March 2022. However, to stay competitive in the global market the textile industries efforts regarding innovative circular technologies need to be supported by massive investments as pointed out by

the ERA industrial technology roadmap for textiles, construction and energy-intensive industries. Estimated investment requirements for achieving circularity in the textile sector by 2030 and expanding the textile recycling industry range from EUR 5 to 7 billion, a challenge that the SME-driven sector can't overcome alone. A proposal for a public-private partnership under the European research and innovation framework programme HORIZON EUROPE is on the table and needs further support to help the sector master the twin transition by investing in innovative technologies.

EURATEX asks the Spanish Council Presidency to support our proposal for a Horizon Europe Partnership for textiles.

- **Reducing energy dependence on Russia and foster Europe's strategic autonomy**

Following the energy price crisis of 2022, the textiles industry suffered major disruption in its business, with extreme strains all along its integrated value chain. Also, as a globally exposed manufacturing sector, our industry has to compete with countries that have an aggressive subsidy policy – at the root of overcapacities that distort the market seriously – and have access to low-cost energy sources with a very high CO2 footprint. It is vital for the EU to address this competitiveness gap. The transition of our sector to a circular and low-carbon economy depends crucially on the availability of renewable and low-carbon electricity at a competitive cost.

In this context, it is necessary for the EU to raise its ambition and adopt a comprehensive approach at EU level to facilitate the reallocation of important players in the whole textile value chain to Europe: energy, state-aid and trade policy must be brought together in a single strategy with concrete emergency solutions and with a clear SME dimension. An ambitious plan of investments and state-aid in green technologies to support the industrial transition should be rolled out to achieve circularity in the sector and reduce Europe's strategic dependencies. Such a plan, however, should not be conceived as a retaliation against our most necessary and like-minded trade partners like the United States of America. Access to public funding and to the EU market must be safeguarded for all those actors who are capable and willing to invest sustainable and advanced manufacturing capabilities in Europe, on the basis of reciprocity. The roll-out of an investment and state aid plan should not interfere, but rather support, the dialogue with the US (and other partners) and the deepening of our trade and investment partnership.

EURATEX asks the Spanish Council Presidency to focus on an integrated industrial strategy to support the EU competitiveness, with concrete solutions and a clear SME dimension, covering energy, state-aid and trade policy.

- **Finalise the ratification of the EU-Mercosur Agreement**

For our sector the EU-Mercosur association agreement is key to preserving our competitiveness as well as to ensuring that the supply chains remain operational at this very challenging time. The unprovoked and unjustified Russian aggression of Ukraine, and the subsequent strain it has caused on our supply chains, has demonstrated the importance of diversifying the portfolio of markets as well as suppliers of critical industrial inputs. In this context, finalising the adoption of the EU-Mercosur agreement is vital. With the political agreement reached already four years ago (June 2019), we believe that now is the time to move forward and unlock the manifold benefits that this agreement will deliver. We see the EU-Mercosur FTA specifically as offering a unique and well-timed opportunity to give European companies a first mover advantage in the wider Mercosur market which has so far been largely closed to them.

EURATEX asks the Spanish Council Presidency to use the momentum and to convince other Member States of the positive effects of the EU-Mercosur Free Trade Agreement.

- **Market surveillance to increase the competitiveness of EU textile industrials.**

Ensuring compliance with market requirements in terms of sustainability is key for our sector. Currently, the European legal framework is at the forefront in terms of decarbonisation, management, and chemical products, waste and water management, etc. Nevertheless, the market is full of products with lower sustainability performance than the European ones, which in many cases leads to environmental and social dumping respect the EU textile manufacturers. As an example, there are specific cases, such as management of chemical products, where the use of hazardous substances in operations within Europe is restricted. However, many products reaching the European market do not meet these requirements but we can show other examples in another aspects as waste management, wastewater, energy efficiency and decarbonization, etc.

EURATEX asks the Spanish Council Presidency to use the momentum and to convince other Member States of increase the market surveillance.

- **Green public procurement to positioning the leadership of EU textile manufacturers.**

Implement public procurement following sustainability criteria to support products made under the European Green Deal ambitious due to decarbonisation, zero pollution and zero waste, among others.

Green public procurement in the textile sector is crucial for EU textile manufacturers due to several key reasons. Firstly, implementing sustainable practices in the production of textiles aligns with the EU's Green Deal objectives and commitment to combat climate change. By prioritizing eco-friendly materials, energy-efficient manufacturing processes, and reduced carbon emissions. Moreover, as consumers increasingly demand environmentally friendly products, green public procurement creates a good market opportunity for EU textile manufacturers, enabling them to tap into a growing market for sustainable textiles.

By complying with green procurement criteria, manufacturers can showcase their commitment to sustainability, attract eco-conscious consumers, and secure long-term business growth. Furthermore, green public procurement encourages innovation and research in the textile industry, driving the development of new sustainable materials and technologies. By supporting and incentivizing sustainable practices, the EU fosters a culture of innovation that enables manufacturers to stay at the forefront of global textile trends and maintain their competitiveness in the international market. Green public procurement in the textile sector not only benefits the environment but also offers economic opportunities for EU textile manufacturers, positioning them as leaders in sustainability and driving their long-term success.

EURATEX asks the Spanish Council Presidency to use the momentum and to convince other Member States to help the establishment of Green Public Procurement.

- **Analyse the textile context and implement measures to strengthen economic activity with sustainability criteria.**

Textile sector consumes numerous natural fibres such as cotton, wool, linen, as well as artificial raw materials from cellulose and wood. In Spain, Andalusia produces around 100,000 tonnes of cotton per year and 75% of this cotton was sent to Bangladesh in 2020. Moreover, something similar is happening with Merino wool. Despite being autochthonous of Spain, other countries such as Australia or New Zealand are currently leaders in the production of these fibres. It would be necessary at European level to analyse the production capacities of the different raw materials in order to boost the sector. The textile sector also has an impact on the production of automobiles, sanitary fabrics and other personal protective equipment, construction and agriculture.

EURATEX asks the Spanish Council Presidency to use the momentum and to convince other Member States to know deeply how is the EU textile context in the supply chain to know the sectorial opportunities to regenerate EU economy.

- **Adapt the speed of legal measures to the capacities of the market and the industry to comply with legal ambitious.**

As mentioned above, the market has difficulties in capitalising on European requirements for sustainable industrial production (energy prices - decarbonisation), water, chemicals and waste management, handling emissions and noise, etc. Nowadays, there are initiatives to restrict chemicals such as PFAs and/or skin sensitisers that can paralyse a large part of textile production, especially the latter in the case of any product that needs to be dyed and finished with polyester (the most widely used raw material in the world). In some cases, there are no substitutes on the market and/or substitutes are less efficient with more water and energy performance, which further complicates the situation.

EURATEX asks the Spanish Council Presidency to use the momentum and to convince other Member States to review the EU textile context to comply with the EU ambitious to regenerate EU economy and not loose competitiveness to the EU companies, especially SMEs.

- **Boost the international leadership of the European textile sector as a leader in global sustainability.**

Seek international market recognition for the European ambitious set out in the Green Deal and EU textile strategy to transform the textile sector on a global scale. It will be necessary that textile SMEs (especially those in the industrial sector) to boost the environmental and social values behind their production. In addition, they should increase cooperation between industrial players and retailers to project an excellent brand image based on circular economy and sustainability criteria.

EURATEX asks the Spanish Council Presidency to use the momentum and to convince other Member States to help EU textile actors to get international market recognition to show their sustainable performance, in order to increase the competitiveness and the speed of sustainable and regenerative transition around all the world.