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Finnish Textile & Fashion's Comment on the EU Strategy for Sustainable Textiles

Finnish Textile & Fashion warmly welcomes the EU Strategy for Sustainable Textiles. We believe that a successful EU Textile strategy will provide an opportunity for a competitive and sustainable EU textile sector in the future. We also expect that a sector-specific approach gives an opportunity to remove structural barriers of textile recycling and helps achieve circularity across Europe.

However, we wish to remind that several legislations and upcoming policies are already promoting the sustainability of textiles, e.g., Waste Framework Directive, Chemicals Strategy for Sustainability, Sustainable Product Initiative. In our view, the textile strategy should roll out measures to support the legislation implementation in order to boost the industry competitiveness. It should also make sustainability a positive business case for the textile industry.

The development of recycling of textiles is already in progress

We consider the EU textile strategy very important and support the objective to increase recycling in the textile sector. However, we would like to express our concern regarding the promotion of mandatory Extended Producer Responsibility (EPR). EPR has been proposed as one of the key measures in promoting recycling in the textile industry. In our view, leaving the space for market-based alternatives to develop the circularity is crucial, regarding the competitiveness and developing a new European market of secondary raw materials.

Separate collection of textile waste will start already before 2025 in some countries. For example, in Finland it has already been proven that market-based measures lead to a greater environmental benefit, create more new jobs and higher competitiveness in the textile industry. It has been estimated that 44 % of end-of-life textiles from households are already separately collected¹. The separate collection is already expanding step by step and becoming national-wide by 2023. Investment decisions for providing sorting facilities and recycling technologies have been successfully made based on the current regulation. Implementing mandatory EPR for textiles at this stage could hamper front-runners and developments that have already been done to promote the circularity of the textiles.

We find it is indeed important to leave the possibility to choose the best scheme to arrange the separate collection in each European country also at the national level in the future. However, we agree that there is a need for introducing harmonised EU-wide rules which will be applicable if countries choose to adopt the EPR scheme for textiles.

The European textile industry has long been working to promote circular economy. Together with EURATEX, the European Apparel and Textile Confederation, and its other members, we have proposed to establish European Recycling Hubs (ReHubs) to build an industrial-scale capacity and

¹ Finnish Environment Institute, Textile Flows in Finland 2019, <http://julkaisut.turkuamk.fi/isbn9789522167873.pdf>

EU wide cooperation to collect and upcycle textile waste in Europe². The Hubs' capacity to handle large volumes would create economies of scale, justifying the costs of existing recycling technologies as well as investments into new ones, such as chemical and thermal recycling. In addition, this would generate new raw materials for the textile value chains, and symbiosis with other industries.

Support and investments for transition are needed

Sustainability and circular economy entail a great opportunity for the European textile industry but also require funding to scale up innovations from laboratories and pilot projects into larger scale solutions. Most of the technologies for making that transition already exist but investments are needed to bring the circularity to industrial scale in the European textile sector. It is important to focus funding and investments to support and scale innovations, e.g., advanced bio-based and recycled materials, technologies, green production technologies and advanced multifunctional products. Also, digitalisation, e.g., e-commerce, monitoring of value chains, new business models, plays a very important role in promoting sustainability while ensuring the European textile industry competitiveness.

Digitalisation offers enormous opportunities for the textile industry to become more efficient and at the same time more sustainable. We want to highlight, that 95 % of the European textile and apparel companies are small and medium-sized enterprises (SME's). It is crucial to the sustainable development and competitiveness of the European textile sector to offer a small-scale investment support to SMEs who wish to digitalise their operations or develop new circular business models. We ask the Commission to launch a Digital Innovation Fund for the European Textile and Clothing industry, offering small scale investment support to SMEs who wish to digitalise their operations. This would give European companies a competitive advantage in the global operating environment.

Since a large part of the global impact of the European textile consumption is generated outside the EU there is also a need to promote and offer incentives for consumers to choose high quality and durable products and reward low-impact manufacturing processes. However, more development and support are needed, not only in physical material and product features, but also in the administrative and financial aspects of the new business models. We believe that the most effective way to promote new circular business models is to provide incentives for both businesses and consumers. This applies, for example, to supporting the uptake of circular business models or favouring products designed with recycled or bio-based materials or are designed to be repairable, recyclable or for longevity. Green Public Procurement should be one measure to increase this kind of demand and show example for consumers.

Legislation should support sustainable innovations and circularity

Alongside creating new requirements, we also invite the Commission to put an effort in solving the inconsistencies, barriers and gaps in the existing legislation which are standing in the way of circularity. The existing legislation, the textile regulation on fibre names (EU no 1007/2011 on fibre names and related labelling of the fibre composition of textile products) does not cover the labelling needs of advanced bio-based and recycled fibres. For example, the terms "recycled", or "regenerated" fibres cannot be currently used in marking the garment composition. Likewise, the legislation does not support the reuse of textiles which are re-assembled into new textile products. In our view, the existing legislation should be reviewed to consider new alternative fibres and their development in future as well. This revision should also enable more flexible future updating of the fibre composition and marking requirements so that it fosters the development of new innovations and the placing of sustainable products on the markets.

² EURATEX, Recycling Hubs, <https://euratex.eu/wp-content/uploads/Recycling-Hubs-FIN-LQ.pdf>

To ensure circularity and recycling of end-of-life textiles in the EU, we also propose to review and harmonise the existing legislation on waste management and shipments. In our view, it is important to have consistency on definitions of waste/non-waste with respect to end-of-life textile collection across the EU. This would also be the effective way to promote greater environmental benefits, recycling, and higher competitiveness in the EU. In addition, we would like discarded textiles to be seen primarily as valuable raw material, not as waste. In our view, this would promote proper treatment of the end-of-life textiles, the development of recycling systems and new circular business models.

The textile strategy should aim to ensure that, in future, information of materials in products and their origin is traceable and information openly available to recyclers. Regarding the new policy options that have been proposed, we welcome a deeper reflection to address the Eco-Design Directive to textiles and introduce a Digital Product Passport in order to facilitate sustainability and empower the consumers. Circular and sustainable products need to be clearly recognised and identified, based on a common European, preferably global, standard. However, there cannot be a standard product passport for all products. The information in the value chain needs to be adopted sector by sector or product by product, and it needs to be based on a true need. We also support the idea of adding the information of the environmental impacts to the Digital Product Passport. This requires that the calculations are based on harmonised methods. It is also important that the data and tools which are needed for the calculations, should be freely available for all companies and not based on any individual commercial certification schemes. Otherwise, there is a risk that the SMEs do not have the required resources to provide the information. Considering eco-design requirements should be technology and material neutral to not hinder the development of new innovations, or sustainable production methods.

International cooperation and a level playing field in key roles

The European textile sector is almost always linked to complex, international value chains. The European textile strategy must have a clear and strong global dimension, looking at both defensive and offensive elements. To ensure a level playing field across the global textiles industry, we need multilateral rules. This applies to both environmental and social standards.

We agree the need and welcome the objective to promote the sustainability across the value chain. Nevertheless, against current economic background, it is essential to avoid new additional burdens for the European companies. Instead of additional legislation, we invite the Commission to promote better enforcement of the Trade and Sustainable Development (TSD) chapters of free trade agreements with third countries and ensure the requirements for all textiles placed on European markets are the same for all. However, if any textile-specific guidance would be used to develop the definition of due diligence, it should be based on existing international instruments. Such, like the UN Guiding Principles (UNGP) and the development of the detailed guidance from OECD on Due Diligence. Due diligence must be applied with flexibility and adjusted to the specific circumstances of a given company. This means that a due diligence process and the scope will differ from company to company, depending on e.g., company size, risk profile and complexity of the supply chain.

We are moving towards systematic change. However, it cannot be assumed that European SMEs are solely responsible of the change. Ensuring effective enforcement and market surveillance play key roles in the success of the EU textile strategy. Several legislations and upcoming policies are already promoting the sustainability of textiles, so the policy coherence needs to be ensured. To conclude, we want to highlight that the textile industry is very diverse, and textile products are usually designed for various uses (e.g., clothing, home textiles, workwear, medical textiles). In order for the textile strategy to make a difference, it should also consider the entire value chain of the industry as well as its direct links with other sectors (e.g., agriculture, forestry, chemicals, plastics). We see it is important that the Commission considers the textile industry as an active partner in

development to make the EU textile strategy useable and implementable for the businesses in the industry, and to achieve the goal of supporting a competitive and sustainable EU textile sector in the future.

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Finnish Textile & Fashion

Finnish Textile & Fashion is the central organization for textile, clothing, and fashion companies in Finland. Our member companies produce, for example, clothing, home textiles, sportswear, and outdoor apparel. They also manufacture industrial non-wovens as well as technical industrial textiles.