
Finnish Textile & Fashion's views on the extended producer responsibility scheme for textiles

European Commission's proposal for revision of the Waste Framework Directive

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Finnish Textile & Fashion takes a positive view on developing the separate collection, sorting, re-use, and recycling of textile products, as well as the harmonization of producer responsibility scheme for textiles in the EU. However, the industry has particular concerns regarding the proposal's ensuring of market surveillance and a fair operating environment, as well as the competitiveness of the Finnish textile and fashion industry as the economic impacts on businesses and administrative burden increase.

On 5 July 2023, the European Commission provided its legislative proposal for a targeted revision of the Waste Framework Directive. In its revision proposal, the Commission suggests a regulation whereby textile manufacturers, importers or distributors are responsible for the entire life cycle of a textile product, that is, the so-called producer responsibility. Producer responsibility for textiles would apply to households' clothing, accessories, footwear, and household textiles in all EU member states. According to the Commission's proposal, producers would be responsible for the collection, transport, and sorting of products for the purposes of reuse and recycling, as well as waste processing. The proposal emphasizes proceeding according to the waste hierarchy and, on the part of recycling, fibre-to-fibre recycling should be the priority.

Finnish Textile & Fashion is glad to participate in the ongoing societal discussion on the extended producer responsibility scheme for textiles. We would also like to express gratitude to the Ministry of the Environment for giving us the chance to share the initial views of the industry on the European Commission's legislative proposal on the extended producer responsibility for textiles.

The competitiveness of the Finnish textile and fashion industry must be ensured

Long-term work has been carried out in Finland to promote the circular economy and the recycling of textiles. Finnish textile and fashion companies already currently implement circular

economy business models in their operations, investing in resource efficiency, the extension of products' life cycles, and their reuse and recycling, among others.

In our view, the actions proposed by the Commission the producer responsibility scheme for textiles can, at their best, mitigate the environmental impacts over the life cycles of textile products, promote the sustainable use of natural resources, and support the development of circular economy business models and recycling infrastructure. However, it is simultaneously important to note that textile products differ significantly from other current products subject to producer responsibility schemes. Textile products are a very heterogeneous product group; for example, they wear through use, go bad when mishandled, and contain several materials, some of which may not necessarily be as valuable in recycling. The special characteristics and heterogenic nature of textile products make both reuse and recycling more difficult, which must be continuously considered when drafting legislation.

Finnish Textile & Fashion would like to raise the issue that extended textile producer responsibility regulation, national producer responsibility systems and their maintenance, and the development of textile recycling technology and infrastructure will result in significant cost impacts on the industry, which will affect the operating opportunities and competitiveness of SMEs operating in the Finnish textile and fashion industry in particular. Indeed, the industry has concerns regarding the fairness of the regulations as well as the competitiveness of the companies operating in the Finnish textile and fashion industry. In addition, we have reservations about the cost estimate presented by the Commission in its amendment proposal, where the average collection and processing cost of one textile product is estimated to be about EUR 0.12/item. The cost estimate provided in the proposal seems low when compared to the cost estimates of Finnish waste management companies, which are based on the existing waste collection infrastructure.

Finnish Textile & Fashion calls on legislators and those drafting the law to constantly take into account the promotion of the circular economy and market-based business models in accordance with the circular economy, the development and accessibility of processing and refinement infrastructure for textile recycling, and the solving of real challenges relating to textiles and the environment. Furthermore, during the further drafting of the regulation, it is essential to ensure such ground rules that the SMEs in the industry to which the rules will be applied can survive the new obligations and continue to do responsible and profitable business going forward as well. In addition to clear and fair legislation and targeted financial support, companies must also be guaranteed a sufficient transition period for fulfilling the new obligations.

Fair and consistent operating environment

For years, the Finnish textile and fashion industry has purposefully promoted the development and implementation of more sustainable products and business models in accordance with the circular economy in a solution-oriented and market-based way, as well as strived to develop textile collection and recycling infrastructure. However, the unpredictability caused by legislative changes over the last few years has increased uncertainty in the market, creating significant challenges in the investments in and development of circular economy operations and recycling solutions. For the Commission's proposal on an extended producer responsibility scheme for textiles to achieve its objectives, it must be ensured during the drafting stage that the initiative is clear and consistent with both current and future EU and national-level regulations.

Profitable and responsible business operations require a clear and predictable operating environment that offers the needed support and infrastructure. The industry calls on legislators and those drafting the law for fair and consistent regulation and execution, during which key stakeholders are actively included in an open dialogue to identify the best solutions. This also enables companies to predict impacts on business and enables development.

Harmonised producer responsibility scheme for textiles in the EU

Finnish Textile & Fashion takes a positive view of the standardization of textile producer responsibility regulations in the EU. In this way, any unnecessary administrative burden on companies can be avoided and building a clear operating environment in the EU can be promoted.

However, the legislation's drafting must take the special characteristics of both textiles and member states into account, and, while considering these aspects, aim to promote the creation of a functional legislative operating environment in which companies will not suffer unreasonable administrative and economic impacts from complying. With the execution of the EU's textile strategy, companies will be facing a significant number of legislative impacts in the coming years, which – in addition to the coronavirus pandemic, Russia's attack on Ukraine, and the energy crisis – will challenge the profitability of business.

Legislation must be designed to support the development of operating models, technologies, and solutions for textiles in accordance with the circular economy

During the planning and execution of the extended producer responsibility scheme for textiles, the differences between textiles and other product groups must be taken very carefully into account, such as the potential for textile material to go bad and its relative value as a recycled material.

In light of these perspectives, Finnish Textile & Fashion takes a positive view of the fact that the Commission's proposal does not contain separate collection, recycling, or reuse targets for textiles. In our opinion, it is crucial that the focus on promoting the textile circular economy is primarily on the development and implementation of functional, cost-effective operating models, recycling technologies and solutions that support the circular economy, as well as increasing the awareness of consumers, rather than setting binding targets. In addition, the industry takes a positive view on the fact that, as part of the legislation work, the Commission will specify the end-of-waste criteria of textile waste and reusable textiles. For producer responsibility for the collection of textiles, it is very important to define the status under which textiles are collected.

Finnish Textile & Fashion also recognizes that the Commission's proposal focuses particularly on the collection, sorting, and reuse of textiles. However, the proposal leaves the industry wanting in terms of concrete actions and outlooks with which the demand for and availability of recycled products and fibers are purposefully supported and increased. In terms of effectiveness, the legislative proposal must be comprehensive and solution-oriented, and it should support the circular economy's systemic-level change throughout the entire value chain. Finnish Textile & Fashion calls on legislators and those drafting the law to take a more comprehensive approach, which, in addition to recycling, delves into actions that can support and develop the market of recycled fibers. In our view, the lack of a holistic perspective can, at worst, be a detriment to achieving the desired objectives of the proposal.

Social enterprises are a vital part of the circular economy ecosystem

Finnish Textile & Fashion has tentatively recognized that the Commission has strived to particularly take into account social enterprises in its proposal for producer responsibility scheme for textiles. In our view, social enterprises are a vital and important partner in the textile circular economy ecosystem and the implementation of producer responsibility, but we reject the special treatment of these operators in the Commission's proposal.

According to estimates, there are growing markets worth billions globally to be found within the business models of the circular economy. Several companies in the Finnish textile and fashion

industry have built or adapted their business to respond to the opportunities offered by the growing market, offering, among other things, sales channels for second-hand products. For this reason, in the view of Finnish Textile & Fashion, the legislative proposal should not favor certain operators; rather, all operators should retain the same chances to participate in the opportunities offered by the circular economy based on business premises. In addition, when the cost responsibility and responsibility for separate collection, sorting, reuse and recycling are transferred to producers, producers should also have the right to plan and tender their operative implementation. The approach proposed by the industry would, in our view, also support the building of competitive and cost-effective producer responsibility systems on a national level.

There is no room for free riders in the textile circular economy

Finnish Textile & Fashion takes a very positive view on the fact that the regulation proposal considers operators from outside the EU, such as international online platforms sellers, and holds them subject to the producer responsibility proposal. A fair and profitable operating environment demands that the same rules apply to all operators. In an e-commerce survey carried out in Finland in 2023, a significant proportion, 51%, of Finnish online buyers stated that they bought products from foreign websites ([Svea e-commerce survey 2023](#)). In addition, according to a Finnish Textile & Fashion survey, Finnish brands accounted for a good 10% of the total demand of Finnish consumers' clothing purchases (STJM 2023). In light of this information, it is particularly important to ensure that each company that brings products to the EU markets participates in taking care of the costs over their life cycle and building a more sustainable textile and fashion industry infrastructure.

However, Finnish Textile & Fashion has concerns over how the monitoring and market surveillance of the whole will be organized. As the producer responsibility scheme for textiles proposal progresses, it must be ensured that neither the regulations nor operating models enable so-called freeloading in any way, shape, or form. The criticality of the matter must be acknowledged and member states must be required to invest in monitoring textile producer responsibility, taking into account the appropriate means, resources, and severity.

Products falling under the scope of extended producer responsibility

Based on Finnish Textile & Fashion's preliminary assessment, we have reservations regarding how the Commission's proposal for revisions of the Waste Framework Directive includes footwear and accessories, where the primary material is not textile, within the producer responsibility scheme for textiles. According to our current information, the development of footwear-focused recycling

solutions and infrastructure, among others, are still in their early stages. Textile product manufacturers and importers should not be made responsible for this development in its entirety.

In addition to the extended producer responsibility scheme for textiles, the EU shall invest in supporting the circular economy operating models for textile products and developing fibre recycling solutions and technologies. The support of the EU and member states plays a key role in implementing systemic-level changes in the industry. For recycling, the priority should be fibre-to-fibre recycling. However, in addition to this, more open-loop recycling to other industries is needed. Furthermore, particular focus should be given to the support of recycled fiber markets and availability.

The formulation of Finland's position on the European Commission's proposal on extended producer responsibility for textiles

To ensure clarity and smooth cooperation, Finnish Textile & Fashion has endeavored to create a preliminary summary of some of the key viewpoints presented in the Commission's legislative proposal. From the industry's perspective, these matters should be considered during the formulation of Finland's position.

- **Harmonized extended textile producer responsibility in the EU.** With a uniform approach, administrative burden on companies can be avoided and a clear operating environment in the internal market can be guaranteed.
- **Removal of the preferential treatment of social enterprises.** Legislation should not favour certain operators; rather, all operators should retain the same chances to participate in the opportunities offered by the circular economy.
- **Limiting extended producer responsibility scheme for textiles to exclude footwear and accessories where the primary material is not textile.** To promote the textile circular economy, it is essential to focus primarily on textile materials and support this in its entirety.
- **The implementation of the mixed waste composition survey should not be made the producers' responsibility.** Households' mixed waste is the responsibility of the municipalities, and the implementation of the survey should be their responsibility.