

Position Paper: Bold policies needed to mainstream circular textiles

This position paper is destined to provide input to a public consultation by the European Commission in preparation of a [Roadmap for a EU strategy for sustainable textiles \(initiative 12822\)](#)

Ecopreneur.eu - the European Federation of Sustainable Business - and its member organisations are in full support of the European Commission's goal to create a climate-neutral, circular economy where products like textiles are designed to be more durable, reusable, repairable, recyclable and energy-efficient while discouraging over consumption patterns such as fast fashion.

We believe that the EU should seize the unique opportunity the European Recovery Plan represents to the economy by drafting a Strategy to create a level playing field that vigorously promotes the uptake of low-carbon circular business models by companies and consumers, in their role as key accelerators for green recovery and the sustainable development of this important industry.

From this perspective, Ecopreneur.eu seconds the European Commission's objectives to 1) making the industry more competitive, 2) applying circular economy principles to production, products, consumption, waste management and secondary raw materials and 3) directing investment, research and innovation.

A set of policy instruments to accelerate and mainstream a circular fashion economy should be based on the following five pillars, as also described in our advocacy [report](#)¹:

1. **Innovation policies** – Research programmes with government subsidies, investment tax deduction, technological development and innovation, support for micro, small and medium-sized enterprises (SMEs), with a focus on textile reuse and recycling, preventing microplastics release, and calculating external impacts and true prices.
2. **Economic incentives** – Procurement, extended producer responsibility, VAT and a tax shift to drive market demand for circular products and services by making make them cheaper and “linear” ones more expensive.
3. **Regulation** – Establishing a common regulatory framework for transparency and traceability, circular design and improved end-of-waste status across the EU. This regulation should apply to substances of very high concern (SVHC) and textile waste, and should be enforced through taxes, bans and fines – for example, with a ban on landfilling of textiles. The Sustainable Apparel Coalition's (SAC) Higg Index can play a major role here by measuring material flows and environmental impacts of manufacturing systems.
4. **Trade policies** – Facilitating export of semi-finished products and sorted, reusable textile waste and secondary feedstock to producing countries, as well as technology transfer to scale up their production of circular textiles and fabrics. Negative social impacts in producing countries should be avoided and further investigated². Waste transport across the globe should be minimised.
5. **Voluntary actions** – Covenants, commitments and standards are encouraged to engage stakeholders, with legislation standing by in case of lacking results.

¹ <https://ecopreneur.eu/wp-content/uploads/2019/03/EcoP-Circular-Fashion-Advocacy-Report-28-3-19.pdf>

² See Ecopreneur.eu [Research Note](#): Circular Fashion and textile producing countries (2020)

As a prerequisite to succeed with these goals, Ecopreneur.eu calls on the European Commission to integrate a number of key economic, regulatory and educational instruments in the new EU Strategy for Sustainable Textiles:

Economic Incentives

To **create a level playing field** and thereby increase consumer demand for sustainable textiles, Ecopreneur.eu advocates rapid implementation of economic incentives for producers to leverage sustainable fashion and textiles for the mainstream market. This includes True Pricing³, incorporating external environmental and social costs, and a substantially increased CO₂ price as recently agreed by the EU Council, by setting a 55% reduction target for 2030.

Special support must be granted to **SMEs**, considering their economic significance in general, and particularly to those practicing circular models such as reuse, repair, sharing and recycling, as they have an important role model function in shifting the market towards a circular economy. Some of these models are as old as humanity and effective ways of driving this transition. The fact that they have been pushed aside the mainstream for a few decades may not make them “new” business models but they are certainly cool and trendy and, when properly implemented, sustainable and circular. For example, already today, 40% of clothes in EU countries are collected and more than 50% of this share is being reprocessed for reuse.⁴

- **Extended producer responsibility (EPR) schemes combined with eco-modulation** must be harmonised and extended to textile products, according to the principles of the EU waste hierarchy, rewarding re-use over recycling and disposal, as well as rewarding customisation. The schemes should incentivise **circular design** and secure appropriate funding for collective circular measures including textiles collection, sorting, treatment, collaboration, dialogue, communication and R&D.

Eco-modulation of EPR schemes should be based on a bonus/malus system, whereby companies receive a bonus (lower fee) for products and services that are more circular, while companies with more linear products and services pay a levy (higher fee). A substantial differentiation of levies down to product and company level is needed to make the scheme truly rewarding and economically sustainable for circularity-oriented businesses and leverage the potential for quality, longevity, reusability and reparability of textile products. The new EU Textiles Strategy should therefore support the coexistence of individual take-back and recycling schemes besides collective EPR systems, with companies managing individual schemes benefiting from EPR funding mechanisms to the same extent, provided they duly report on collection and treatment and meet agreed targets.

To increase the demand for recycled textiles in the market, we recommend to equally incentivise producers of secondary raw materials to increase the quality and quantity of recyclates, drawing on funds generated by eco-modulated EPR schemes.

For fee modulation and exemptions, existing third-party certified take back schemes should be taken into account.

³ The true price of a product or service reflects the true cost (environmental and societal) of materials and production processes

⁴ Recent Eurobarometer data for Austria, Belgium, Germany, Denmark, Finland, France, Croatia, Italy Netherlands, Poland, Sweden and UK combined

- **Reduced VAT for second-hand clothes and repair services** would be the most effective incentive for driving the demand for second-hand clothes and repair services as it would lower the price compared to new products. The EU should recommend implementing this as soon as possible to all member states.
- Imported textile good should be subject to the **Carbon Border Adjustment Mechanism** under the EU Climate Law to pre-empt the risk of “carbon leakage” and unfair competition from countries outside the EU, that do not internalise the environmental cost of the carbon footprint from textiles production.
- **Public subsidies should be granted** to companies that contribute to the circularity of textiles, like European yarn producers that help re-establish closed textiles-to-textiles circular value chains, or developers of bio-degradable cellulosic fibre as an alternative to polymers to address the issue of microplastics pollution.
- For SMEs working on circular textiles, regional innovation funds should be created issuing **small grants** of 5.000 - 50.000 EUR with low administrative and reporting requirements in form of **vouchers**, as well as other mechanisms providing easy and long-term access to investments in circular textiles technology and business models.
- **EU support for research into textile microplastics solutions**, including the biodegradability of cellulosic fibers. To make sure the circular economy objective of recycling is in line with climate objectives, the use of EU subsidies should be restricted to processes with net positive CO₂ emissions and be accompanied by research on recycling using renewable energy. In the long term, subsidies for recycling processes based on fossil fuel energy should be phased out.

Regulatory Measures

The textiles industry is highly globalised. Ecopreneur.eu therefore recommends that regulatory measures and policy instruments should be designed from a **value chain** perspective. In order to be effective, a regulatory framework for sustainable textiles should include harmonised rules to ensure transparency and traceability, minimum requirements for circular design, and specific criteria for the end-of-waste regulation.

- **Targets should be introduced for all textiles at the European, national and local levels:** For used textiles, there should be progressive targets for collection, re-use and recycling whereas for new clothes there should be high standards for quality, reparability and a quota for recycled content. By principle, Ecopreneur.eu advocates a ban on landfilling of textiles in general as well as on the incineration of unsold goods and other usable textile products becoming waste.
- **The Textiles Strategy should set mandatory minimum sustainable criteria or targets for public procurements** in sectoral initiatives, EU funding or product-specific legislation. By including sustainability requirements in their tenders, public institutions would make best use of their leverage over the textiles value chain to improve environmental and social conditions and foster fair and sustainable purchasing and consumption patterns. The textiles sector should be well included in the forthcoming EU due diligence legislation.

- **Minimum requirements for ecodesign with an extended scope from energy to material-efficiency should be applied to all types of textiles** in order to make them more safe and more recyclable. Ecodesign policy should mandate products and their materials to be designed and manufactured to be disassembled so that they can be reused, remade, recycled, and - where relevant, and after maximum use and cycling - safely composted. There should be a ban on hazardous “Substances of Very High Concern” (SHVC), as specified on the REACH “Candidate List”, from being used in textiles. Producers should have to meet these legally binding minimum requirements to have access to the EU market.
- **“Fast fashion” marketing should be discouraged**, e. g. by restricting fashion sales to two weeks per year. To avoid that such a measure would put shop owners at an unfair disadvantage it should also apply for online sales from abroad.
- **Traceability and transparency of the textiles cycle should be facilitated by mandatory a product identification tag linked to its digital passport** to help identify their origin, material composition and compliance in regard to human rights, governance, environmental and health standards.
- **Methods to assess and compare the sustainability value of textiles must take into account the true costs of externalities** of any type of textile product over multiple lifecycles. Any comparison of alternative materials, processes and services under the aspect of sustainability should be subject to a full **life-cycle assessment (LCA)** carried out by third parties. This LCA should also account for the environmental and health impacts caused by the release of microplastic. Standardised assessment methods would enable the compatibility between products and help create a level playing field for providers from EU and non-EU countries. A common EU methodology should take into account the Sustainable Apparel Coalition’s (SAC) **Higg Index**, a proven standard for measuring the sustainability of product lifecycles, the environmental performance of operations, and the social impacts across the value chain.
- The Strategy should support **proven EU-level certification schemes** that set highest sustainability standards for textile products, like the recognised Global Organic Textile Standard (GOTS), for example, to recognise and promote excellence in circularity. Specifically for collectors and traders of second-hand clothes, a certification scheme to ensure good governance and transparency throughout the textiles value chain is needed to pre-empt illicit collection and illegal trade of second-hand textiles at international level.
- **Existing collection infrastructure schemes within the EU should be harmonised** to bring down EPR costs for producers, while granting special conditions to charities and other non-for-profit organisations championing repair, reuse, and rental models for quality clothing. At the same time, a sustainable textiles framework should keep used clothes in the loop while facilitating the export of reusable textiles material from the EU to remanufacturers located overseas, like in Asia.
- **Monitoring mechanisms and effective enforcing measures** should be put in place at both member state and the EU level to ensure the well-functioning and integrity of rules. Active enforcement of waste regulations is necessary to prevent fraud, including illegal waste shipments outside the EU, and sustain the acceptance of EPR schemes among producers. Ecopreneur.eu advocates the mandatory registration of companies that want to import and sell their products on the EU market in a public registry.

Awareness and capacity building

An integrated EU strategy for textiles should provide capacity building mechanisms to promote the understanding, acceptance and implementation of the above-mentioned key instruments by all partners in the textiles value chain, including manufacturers, public procurement authorities, and consumers, and to encourage dialogue and collaboration across sectors.

Circular Acceleration Houses at regional level should be sponsored by the EU to provide easily accessible, comprehensive, and aligned support for companies to pursue a green and circular transition, both in general and including the textiles industry. These hubs would serve as a local facilitator to grow expertise in EPR schemes and eco-modulation, LCA, recyclates, eco-design and the EU-Ecolabel, and to share best practice of circular business models as economically viable alternative to linear production, purchasing and consumption patterns. Producers, for example, could learn about the use of recycled and homogeneous materials in a product lifecycle compared to mixed materials, while consumers could share their practical experience with second-hand clothing, repair and rental services.

Accordingly, **funding should be provided for educational programmes to sensitise citizens** to perceive clothes as a valuable resource, recognize the environmental impact of linear textile production and consumption patterns, and convince them of the advantages of a more responsible behaviour in their buying decisions, usage, and disposal of clothes, including repair and reuse, sorting and recycling.

About Ecopreneur.eu

[Ecopreneur.eu](https://ecopreneur.eu) is the European Sustainable Business Federation of currently six national associations representing about 3000 sustainable companies - mostly SMEs. A member of the Coordination Group of the European Circular Economy Stakeholder Platform, Ecopreneur.eu is the only cross-sectoral EU business organisation committed to ambitious measures, rules and regulations for a low-carbon circular economy. We advocate a new economic framework in which sustainability is promoted, the environment respected, and ecological principles are followed. Ecopreneur.eu and our members bring concrete experience from pioneering companies into the political debate, show best practice examples and represent the needs of green SMEs in a credible way.