

## **EBCA POSITION: PUBLIC CONSULTATION ON EU STRATEGY FOR SUSTAINABLE TEXTILES**

28 July 2021

The European Branded Clothing Alliance (EBCA) welcomes the European Commission's initiative for an EU Strategy for sustainable textiles and believes it constitutes a good opportunity for the **EU to strengthen its industrial capability and lead the transition to a circular and sustainable economy.**

**Big brands have a responsibility to set the right example** through consistent and ambitious labour, social and environmental standards and are **already contributing to multiple industry initiatives** in the countries with whom they trade. Nevertheless, **the industry still faces several barriers and challenges** that must be addressed to ensure it remains competitive before introducing new requirements.

In this paper, we focus on the following issues that we believe should be taken into account in the Strategy: trade support and level playing field between EU and non-EU operators, the creation of a framework and a market for sustainable products, the consumers' empowerment, the harmonisation and coherence of the legal framework as well as the establishment of pragmatic due diligence rules.

### **1. Ensure a free, functioning and fair-trade system and level playing field**

Trade can help boost development and reduce poverty by generating growth through increased commercial opportunities, investment and innovation, as well as broadening the productive base through private sector development. Within the EU, the textiles and clothing sector supports approximately **1.5 million direct jobs**. In manufacturing countries, the clothing industry supports job creation and capital investments, and directly contributes to economic growth. Moreover, the branded clothing firms advance **sustainable growth** through a variety of social and environmental initiatives they organize and take part to.

Given the positive role that trade plays to support and incentivize sustainable growth, EBCA is in favour of a **free, functioning and fair-trade system** to raise the social and environmental conditions and standards in the countries we trade with. EBCA underlines the importance of Free Trade Agreements (**FTAs**) and **global trading rules**, as established at the WTO level, which guarantee predictability for global players and flexibility of supply chains. Having a functioning and predictable global trading system is therefore key to advance sustainability in global supply chains in collaboration with trading partner countries. In addition, EBCA strongly believes that a greener trade policy and **strong Trade and Sustainability (TSD) chapters in FTAs, green conditionality and enhanced engagement** through dialogues and joint initiatives with partner countries is crucial to promote international cooperation on sustainability issues.

Moreover, the EU Textile Strategy and the upcoming EU Policy Initiatives for the textile sector should ensure **a level playing field between the EU and non-EU operators**, in order not to weaken Europe's textile industry competitiveness. Appropriate measures must be adopted for new trade channels, especially online sales to end consumers from non-EU countries.

### **2. Create a coherent framework, market and incentives for sustainable products**

It is important to ensure that a market can be established with sufficient high-quality supply of both textile waste and recycled materials, and consequent demand, both from manufacturers and consumers. That can be done by investing into **skills (also digital and circular)** - such as knowledge of circularity, remanufacturing, textile sorting and collection; **R&D** and commercialization of innovative new technologies (for materials and recycling, collection, sorting and fibre production), as well as creating a **coherent and comprehensive framework for textile waste collection and recycling** (including waste shipment, harmonised EU EPR, clear definitions). In addition, a secondary raw materials market for textiles can only be realised if **textile waste is recognized as a resource**. EBCA also calls for clearer rules regarding the **second-hand products market** in Europe, which is now jeopardised by the complexity of rules of origin and labelling among other issues and lack of clear and predictable regulation.

Lastly, the textiles strategy should take into account the difficulties that the sector is facing in this context of global disruption caused by the Covid-19 pandemic and its need for recovery support. In order to take advantage of this crisis to undertake a green and digital transition, the industry requires **incentives for the future** and for new sustainable products, **rather than penalization** or restriction of traditional production and raw materials in the present.

### **3. Inform consumers through a common methodology and standardization**

Moreover, while companies are making the effort to improve the sustainability of their products, citizens are often poorly informed on the existing initiatives and do not have access to trustworthy information needed to make informed purchasing choices, since it is difficult to compare information and products due to the multiple and not harmonised existing labels. **Providing consumers with comparable and trustworthy information**, together with **measures to foster sustainable consumer behaviour**, are therefore crucial to enable them to make sustainable informed choices and support the green transition. However, this is only possible if there is clear **standardization** of the completeness, comparability, and reliability of information, definitions and methodologies, which would create level playing field and legal certainty for both companies and consumers. Thus, a **common methodology and assessment system** across EU Member States are needed to allow consistency and comparability of information communicated. In addition, EBCA believes that any sustainability guidelines and methodologies will need to be **realistic, implementable and progressive** in order to be impactful, taking into consideration the complexity of global value chains and adopting a flexible and risk-based approach.

### **4. Ensure harmonisation and policy coherence among EU policy initiatives**

In order to avoid double regulation and contradictions, EBCA would like to remark the importance of having a **coherent and coordinated framework** not only among Member States, but also with all EU policies, cross-sectorial and sector-specific initiatives that will contribute to the sustainable framework for the textile sector. The reviews of the Waste Shipment Regulation and the Waste Framework Directive as well as the Sustainable Product Policy Initiative, the new Consumer Agenda, the Sustainable Corporate Governance Initiative, among other relevant sustainable policy initiatives under development, will represent key opportunities to incentivize and escalate solutions to ensure a true systemic shift towards a circular and sustainable textile industry.

### **5. Develop pragmatic and smart mix of due diligence and transparency rules**

EBCA supports an ambitious due diligence framework. We highlight the **need for a clearly defined scope and a “smart mix” of mandatory – which also recognise voluntary initiatives - , cross-sectorial, risk-based, proportionate standards** to guarantee a level playing field and legal certainty, while reducing the administrative burden for suppliers and companies, and providing clearer information for consumers. The upcoming EU regulation should not become a barrier to trade or undermine investments in developing countries due to the lack of legal certainty or a risk of sanctions and litigation.

In particular, **global value chains should not be disrupted by new requirements** and should not be treated as barriers to sustainability, as they play a key role in safeguarding the competitiveness and resilience of the industry. Global value chains ensure that consumers have quick access to a variety of high quality, safe, sustainable, affordable products.

We call for an ambitious but **pragmatic approach** to due diligence where involvement of all stakeholders is taken into account as there is a limit to what companies can achieve, for instance when it comes to enforcing standards in non-EU countries, especially in politically unstable regions. **Stakeholder collaboration, state-to-state dialogue and capacity development** are the key as well as dedicated funding to support the development of **traceability technologies** to ensure better visibility on the whole supply chain and the social and environmental impact of products.

Furthermore, when designing its mandatory due diligence standards, the Commission should capitalize on the ongoing efforts of the clothing industry, the lessons learned, and the results achieved. Thus, EBCA asks the EU **to build on ongoing collaborative and multistakeholder initiatives**, as well as the existing international standards (UN, ILO, OECD), while maintaining an open and transparent dialogue with companies to ensure an implementable approach. Additionally, **already existing voluntary initiatives** and certification as well as good practices and companies going beyond the minimum legal requirements should be properly **recognized and incentivized**, instead of being penalized.

#### **About EBCA:**

*EBCA is a coalition of major retail clothing brand companies, representing over 60 brands. The alliance works to ensure a positive trade agenda and a more predictable business environment, while also ensuring sustainability throughout the global value chains.*

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