

EU Industrial Strategy and EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil'

Stakeholder Response



**The Public Establishment
HUMANA PEOPLE TO PEOPLE
BALTIC**

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Introduction

The EU industrial strategy was published before the outbreak of the Covid-19 crisis in early 2020. An updated version of the strategy was launched in May 2021 to take account of the economic and fiscal shock inflicted by the pandemic on Europe's economy.

As a stakeholder representing major players in the SHC and reuse sector in Europe, we agree with the core argument of the industrial strategy that, 'the business case for the green and digital transition is stronger than ever'. As stakeholders in the ecosystem of the European textiles industry, we are helping to build a more sustainable and circular business model that increases economic opportunities and access to well-paid green jobs. We welcome the emphasis placed by the European Commission on working, 'to reinforce the synergies between the sustainable and digital transitions'. The EU industrial strategy argues there are two key transitions underway in Europe's economy: the green transition and the digital transition.

The document states that: *'Supporting the business case for the green and digital transitions EU industry has embraced the challenges and opportunities that the twin transition brings. It is ready to invest, but asks for predictability and a real business case, with a coherent and stable regulatory framework access to capacities and infrastructure, finance for innovation and deployment, raw materials and decarbonised energy, demand-side measures for climate neutral and circular products and the right skills. These are necessary for a competitive transition' (page 18)*. We agree with this approach as elaborated further below.

The EU Strategy on Sustainable and Circular Textiles complements the European Industrial Strategy by seeking to reduce the environmental impact of the textiles industry, promoting clothing reuse and recycling while limiting the overconsumption of mass-produced clothing. The SHC and textile reuse sector concurs with the headline points made in the document. The industry needs policy certainty and predictability in future regulations. It is important that new regulations do not inadvertently harm the textile reuse sector. For example, proposed changes to waste shipment regulations that make it more difficult to export unsorted collected clothing efficiently from Europe to third countries may unintentionally harm the SHC industry, thereby undermining the drive for greater sustainability in textiles.

Similarly, pushing more used clothing into the fibre-to-fibre recycling process may have an adverse impact on the climate, given that recycling remains an energy intensive process. There will be an important role for recycling in the textile ecosystem of the future, but there are doubts as to whether fibre-to-fibre recycling is currently the best approach to maximising sustainability. Promoting reuse is well

placed to contribute towards achieving the EU's goal of waste prevention and greater circularity in the European economy.

Europe's industrial ecosystems

Textiles is identified as one of fourteen European 'industrial ecosystems' that the European Commission regards as 'strategic' for economic recovery in the aftermath of Covid-19.¹ It is recognised that the textiles sector is highly conducive to the green transformation advocated in the European Green Deal and the European Industrial Strategy. Likewise, the EU Strategy on Sustainable and Circular Textiles states: 'The production and consumption of textile products continue to grow and so does their impact on climate, on water and energy consumption, and on the environment'.² Every year across Europe, more than 5.8 million tonnes of textiles are discarded: the equivalent of 11 kilos per person according to data compiled by the EU. It is estimated that between 1.7 and 2.1 million tonnes of post-consumer textiles are collected each year for which the primary aim is reuse.³ The concept of 'circularity' refers to a production process in textiles where material inputs are either reused or recycled.

It is widely anticipated that from 2025 when EU member-states will be required to collect textile waste under the Waste Framework Directive and law on mandatory separate collection of textiles, the collection rate of post-consumer textiles will increase significantly. Given the primary importance in the EU Waste Hierarchy of waste prevention, reuse should take precedence in Europe's approach to regulation. A succession of robust scientific studies has concluded that greater economic and environmental benefits accrue from the reuse of clothing.

In the section below, we analyse the implications of the EU Industrial Strategy for the textile reuse and SHC sector across Europe. This stakeholder response then addresses the proposals in the Zero Pollution Action Plan. Both documents aim to achieve climate neutrality across Europe by 2050.

¹ European Commission, 'Transition pathway for a more resilient, sustainable and digital textiles ecosystem', March 2022

https://single-market-economy.ec.europa.eu/consultations/transition-pathway-more-resilient-sustainable-and-digital-textiles-ecosystem_en

² European Commission, 'EU Strategy for Sustainable and Circular Textiles', March 2022
https://environment.ec.europa.eu/publications/textiles-strategy_en

³ European Commission, 'EU Strategy for Sustainable and Circular Textiles', March 2022
https://environment.ec.europa.eu/publications/textiles-strategy_en

Global value chains

We welcome the emphasis on global value chains which is crucial for the SHC and reuse sector in textiles. The industrial strategy states:

The Commission will work in close cooperation with the relevant stakeholders to identify measures to reinforce the EU position in global value chains, including by strengthening and diversifying external trade, creating new opportunities also for low- and middle-income countries. A more circular economy and improved resource efficiency also contribute to reducing dependencies and strengthening resilience. In addition, these measures should enable the EU to strengthen its own capacity, building on the strengths of a fully functioning Single Market with open and competitive markets (page 15).

We contend that unsorted collected 'original' clothing is a valuable resource that requires separate regulation and certification in the EU's approach to regulation of shipments outside Europe. Although original clothes are still classified as waste under EU regulations, they still contain valuable resources for reuse and recycling. Where clothes are classified as green waste, that textile waste requires its own framework of regulation and certification given the potential for recycling and reuse. Within the existing collection systems, three quarters of the content of collected items are considered reusable; a fifth can be recycled; while less than 5 per cent must be incinerated. Clothing items are fundamentally different to other recyclable waste streams, since they are of relatively high value while many of the items can be reused. Having a transparent and non-bureaucratic system for exporting original clothes outside the EU is vital where there is insufficient sorting capacity within Europe. There is a risk that making importation to third countries less efficient will lead to a lower rate of reuse and recycling, undermining the circularity and sustainability of the textile sector.

Moreover, maximising reuse requires diligent manual sorting of clothing items by skilled operatives with detailed knowledge of local and international markets. Mandatory separate collection of textiles in the EU from 2025 will significantly increase the quantity of collected clothes. It is likely that not all that sorting work can be undertaken by operations located within the borders of the EU. After post-consumer textiles have been collected, they are normally sorted in-country or exported for sorting elsewhere. Proposed EU rules on waste shipments will only permit the export of used textiles to non-OECD countries 'under certain conditions'. As such, there is a risk that it will be more difficult to export original clothes into African and Asian markets thereby lowering reuse rates and undermining circularity.

While original clothes are classified as green waste, they are recognised as a valuable resource within many EU member-states. 'Premium quality clothing' - for which there is high demand in Europe - constitutes up to 15 per cent of the total collected items; meanwhile, the remaining textiles can be sold to Eastern European or global markets depending on local demand. Collected clothes are personal items that consumers have cared for, often given as a donation to be reused. They include vintage clothing and branded products of high quality intended to last many decades. Most items are reusable without any other process beyond transportation to a viable market. It is important not to undermine the core objective of maximising the rate of textile reuse.

Quality and eco-design principles

The industrial strategy document emphasises the importance of: Continued efforts towards sustainable product design, a circular economy and increased collection and recycling of raw materials, as well as a functioning market for secondary raw materials, will be key (page 21).

We agree that increased circularity and reuse by consumers depends on continuing to improve the quality of clothing items. The EU needs to fashion an eco-design policy which ensures that clothes last longer. The EU's circular economy strategy states: 'Extending the life of textile products is the most effective way of significantly reducing their impact on climate and the environment. To achieve this, product design has a key role. Failures in quality such as colour fastness, tear strength or the quality of zippers and seams are among the main reasons for consumers to discard textiles'. Consumers need to be encouraged to embrace reuse. There should be much greater emphasis on longevity through the design and production process. It should be expected that clothing products will change hands several times over their life-course, particularly given advances in eco-design.

We agree with the EU approach such that, 'increased durability will enable consumers to use clothing for longer and at the same time support circular business models such as reuse, renting and repair, take-back services and second-hand retail'. Currently only one fifth of European consumers purchase reused clothing items. The SHC sector needs regulations and incentives that promote reuse and encourage producer responsibility.

Innovation

The industrial strategy states: The Horizon Europe Programme, with all its tools - partnerships, the European Innovation Council and the Institute of Innovation and Technology - will support next generation pan European innovation ecosystem for green and digital transition. The Innovation Fund will continue providing critical

support for the commercial demonstration of innovative low-carbon technologies in multiple sectors (page 20).

We contend that public funding for innovation in the textile ecosystem needs to be channelled to the reuse sector as well as recycling. EU innovation funding needs to be directed to help develop existing and impactful clothing reuse business models, rather than focused wholly on fibre-to-fibre recycling technologies and automated sorting processes. EU public support must be invested in reuse models in the textile value chain. The European Commission is currently committed to, 'co-finance projects on technological innovation for circular fashion business models under LIFE', and further support is to be provided under the European Regional Development Fund.

It is vital that co-financing and EU support for public/private partnerships are not confined to investment in fibre-to-fibre recycling technologies and automation but are also used to advance reuse-orientated business models. Independent experts have concluded that there are limits to automating sorting processes for clothing reuse. The process requires manual pre-sorting and skilled human operatives with experience and judgement. There is a once in a generation opportunity to mobilise private and public sector investment to advance textile reuse business models through EU innovation funding.

Zero pollution action plan

The EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil' was adopted in May 2021. The plan sets out, 'an overarching vision that by 2050, pollution is reduced to levels no longer considered harmful to health and natural eco-systems'. The Zero Pollution Action Plan is integral to the EU's industrial strategy. Both sets of proposals seek to ensure that Europe achieves the goal of climate neutrality by 2050, developing a circular economic model that prevents the accumulation of waste, in so doing reducing pollution and environmental degradation.

The Action Plan elaborates five core themes that are of relevance to the textile reuse and SHC sector:⁴

i. Sustainable and circular economy

The action plan states: The zero-pollution ambition is a cross-cutting objective contributing to the UN 2030 Agenda for Sustainable Development and

⁴ European Commission, EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil', May 2021 <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021DC0400&from=EN>

complementing the 2050 climate-neutrality goal in synergy with the clean and circular economy and restored biodiversity goals. It is part and parcel of many European Green Deal and other initiatives, and the Commission will continue including the zero-pollution ambition in future policy initiatives (page 4).

The key to forging a viable circular economy in the textile sector is to significantly increase the rate of reuse. Reuse offers the highest level of environmental protection and waste prevention. It is vital that future EU legislation and regulations aimed at incentivising the use of recycled material promote rather than deter the practise of textile and clothing reuse. There is a risk that increased demand for textile materials that can be recycled will push otherwise recyclable clothes into the recycling process. We are also aware that the requirement to label new clothes with the content of recycled fibres risks creates more demand for fibres, pushing additional quantities of reusable clothing into recycling contrary to the EU's intention of promoting circularity. Policymakers must recognise the dangers of unintended consequences and use regulation to prevent such outcomes in the treatment of SHC.

It is vital that within the EU's strategy to promote sustainable and circular textiles there is a positive approach to increasing reuse rates. It would undermine the EU's own objectives on circularity and sustainability if regulatory changes were enacted that led to clothing items being diverted from reuse into recycling processes which then had a negative environmental impact.

ii. Investing in sustainability and circularity

The action plan states: Investments in clean and sustainable design, circular economy business models, cleaner transport and mobility, low-emission technologies, nature-based solutions and sustainable digitalisation offer strong opportunities to consolidate EU leadership in green growth, while reducing inequalities, creating jobs and enhancing collective resilience (page 5).

The SHC and reuse industry provides business models that are already operating in the textile sector that embrace low-emission technologies and 'nature-based solutions'. Reuse businesses provide a high calibre sorting infrastructure that employ low emission technologies, including manual sorting of clothing items by skilled operatives. The sector is skilled, professional, trained and highly competent. It has forty years of experience in creating business infrastructure to maximise clothing reuse. When clothes are prepared for reuse and sold on directly to consumers, the impact on energy consumption is minimised, contributing to higher standards of environmental protection. Promoting reuse through a European and global market for textiles is among the most effective means to achieve a sustainable, circular textile ecosystem.

iii. Increasing collection rates

The action plan states: By 2025 the Commission will finalise a comprehensive review of the majority of EU waste laws to adapt them to the clean and circular economy principles, whereby waste prevention is scaled up (page 8).

From 2025 when EU member-states will be required to collect textile waste separately under the law on mandatory collection of textiles and Waste Directive, the collection rate of post-consumer textiles will increase significantly. Given the primary importance in the EU Waste Hierarchy of waste prevention, in this framework reuse must continue to take precedence.

We support the EU's vision of making the textile and clothing sector more sustainable, promoting the efficient collection of textiles and their reuse. The Waste Directive is clear that to achieve prevention of waste, reuse should be given priority over new manufacturing of clothing and fibre-to-fibre recycling, both of which are energy intensive. Our sector enables clothes to be reused and sold on to consumers while making the lowest possible impact on energy consumption, contributing towards the highest standards of environmental protection. Reusing clothes means that fewer new clothes need to be produced, minimising the environmental impact.

We argue that having an efficient system for exporting unsorted collected 'original' clothes outside the EU is essential since there may be insufficient sorting capacity within Europe given increased collection rates, while sorting outside the EU creates economic opportunities in developing countries. There is a risk that making exporting clothes to third countries more difficult, as the EU's draft Waste Shipment Regulations propose, will lead to less reuse, undermining the circularity and sustainability of the EU textiles sector.⁵ We argue such clothes should be used again rather than having the fibres expensively reprocessed or simply discarded.

iv. Towards zero pollution from production and consumption

The action plan states: Steering the EU towards zero pollution requires, in close synergy with the circular economy action plan, more sustainable industrial systems, cleaner technologies, less polluting business models and consumption habits, faster implementation of the polluter pays principle, and further application of extended producer responsibility (page 8).

⁵ European Commission, 'Proposal for a new regulation on waste shipments', November 2021 https://environment.ec.europa.eu/publications/proposal-new-regulation-waste-shipments_en See pages 73-74 of the draft regulations.

The EU needs to ensure that EPR (Extended Producer Responsibility) schemes support the top of the EU waste hierarchy, emphasising waste prevention through textile and garment reuse.

v. *Supply chains*

The action plan states: Partnership for a Circular Bio-based Europe and Clean Steel Partnership will explore ways to foster breakthrough technologies and more systemic solutions, such as industrial symbiosis and circular supply chains by which waste or by-products of an industry or small and medium-sized enterprises (SMEs) become the raw material for another (page 12).

We fully support the EU's vision of a circular and sustainable economy in textiles, and we are ready to work with the European Commission and European agencies towards the goal of greater environmental sustainability. The SHC in Europe should be enabled to play its role in ensuring the EU becomes a 'global trailblazer'.

We argue that the EU should set specific targets for collection and reuse across Europe by 2025. The collection target should reflect the scale of the EU's ambition for a sustainable textile ecosystem. Meanwhile, the reuse target should relate to the proportion of collected textiles in the EU that are prepared for reuse. The reuse target should rise as technologies develop and European collection and sorting infrastructure improves. If targets are not set at the EU level, we strongly recommend harmonising targets among EU member-states.

The vital work of ensuring a greater proportion of clothing in Europe is subject to reuse is already being undertaken by the strategically important and increasingly influential SHC sector. The sector is skilled, professional, trained and highly competent. It has forty years of experience in creating business infrastructure to maximise clothing reuse. When clothes are prepared for reuse and sold on directly to consumers, the impact on energy consumption is minimised, contributing to higher standards of environmental protection. Promoting reuse is among the best means to achieve a sustainable, circular textile sector throughout Europe.

Taking action

It is reiterated that: This action plan comes at a time when the EU has set itself the target of achieving climate neutrality by 2050 and has embraced with renewed determination the need to move towards a clean and circular economic model based on restored and healthy natural ecosystems, a halt to any further biodiversity loss and a healthy, toxic-free environment for all its citizens (page 22).

The reuse and SHC sector strongly agree with the emphasis in the plan on taking concrete actions. In addition, to reach the goal of zero pollution we argue:

- There should be additional public investment in specialist sorting businesses in Europe that know how to sort original clothes effectively. There are legitimate grounds for subsidy from public funds or EPR to support sorting facilities that aim to maximise circularity and sustainability across the textiles sector. The flow of clothes should be organised to ensure that clothes are initially sorted by a specialised reuse facility with sufficient market knowledge to maximise reuse rates.
- Public and private sector actors must be encouraged to invest in sorting infrastructure and capacity. The EU must also ensure there is additional high-skilled sorting capacity in place.
- Boosting the reuse sector in Europe means keeping the global reuse market accessible for European companies, also enabling them to partner with sorting centres outside the EU. Export regulations need to be clear and transparent.
- Original clothes - which are unsorted collected clothes - should be classified and categorised to recognise that they are a fundamentally different type of 'waste', even if they are classified as such by the EU.
- The EU that it needs to fashion an eco-design policy which ensures that clothes in general last longer. To achieve this, product design has a key role to play. Consumers need to be encouraged to embrace quality over fashion wherever possible.
- To maximise clothing reuse - which is the best way to ensure environmental sustainability - we want to see improved collaboration across the value chain: that includes retailers, garment makers, yarn and fabric suppliers, collectors and sorting centres. We want to see the development of a textile ecosystem in which textiles that are not suitable for reuse can be recycled using environmentally sustainable and resource efficient processes.
- Other measures and incentives to promote the reuse and SHC sector that the EU and member-states should adopt include:
 - Designing regulations and certification processes that ensure value chains for European second-hand clothes are environmentally responsible.
 - Introducing codes of conduct for collection, sorting and sale.

- Reduce or eliminate VAT on the sale of second-hand clothes and repair services, boosting the sale of reusable clothes in Europe and spurring the creation of green jobs.⁶
- Setting targets for durability and repairability of new clothes, banning incineration of unsold goods and enforcing use of all new items.
- Making sure that EPR (Extended Producer Responsibility) schemes support the top of the EU waste hierarchy, emphasising waste prevention and reuse above recycling.
- Securing appropriate funding for collection and sorting for reuse: for instance, supporting investments in sorting systems that support modern sorting processes, alongside installation of green energy.
- Promoting transparency throughout the sector such as on the labelling of clothing products.
- Supporting effective communication with citizens about reuse and repair, promoting long-term alterations in consumer behaviour.

Summary

The EU's Industrial Strategy and Zero Pollution Action Plan aim to ensure that Europe achieves the goal of climate neutrality by 2050 through developing a circular economic model that minimises waste, pollution and environmental exploitation. The EU is seeking to become a 'global trailblazer' in forging a circular and sustainable textiles sector over the next decade. Europe can play a global leadership role, shaping an ecosystem and supply chain of both pre- and post-consumer textiles that has the lowest environmental footprint while enhancing sustainability.

We fully endorse the EU's strategy of limiting the negative environmental impact of the textile and clothing industry. We have forty years of experience operating in the textile sector, both through sorting centres and retail outlets. However, we would like to see a regulatory and legislative framework that incentivises the efficient collection of textiles to maximise their reuse. The SHC and reuse industry enables clothes to be sold on quickly to consumers, making the lowest possible impact on

⁶ The EU defines a green job as, 'any professional activity that helps to protect the environment and fight climate change by saving energy and raw materials, promoting renewable energies, reducing waste and pollution or protecting biodiversity and ecosystems'. https://www.greens-efa.eu/legacy/fileadmin/dam/Documents/Publications/GND/Green_jobs_EN_01.pdf

energy consumption while contributing towards the highest standards of environmental protection. The SHC and reuse industry is a key stakeholder in the textiles ecosystem and can be an important partner of the EU's effort to secure the ecological transformation.

We contend that the EU must support existing reuse business models, while incentivising the creation of a new generation of circular business approaches, focused on significantly increasing the *reuse* of textiles and clothing items in the production chain and textile ecosystem of Europe.

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