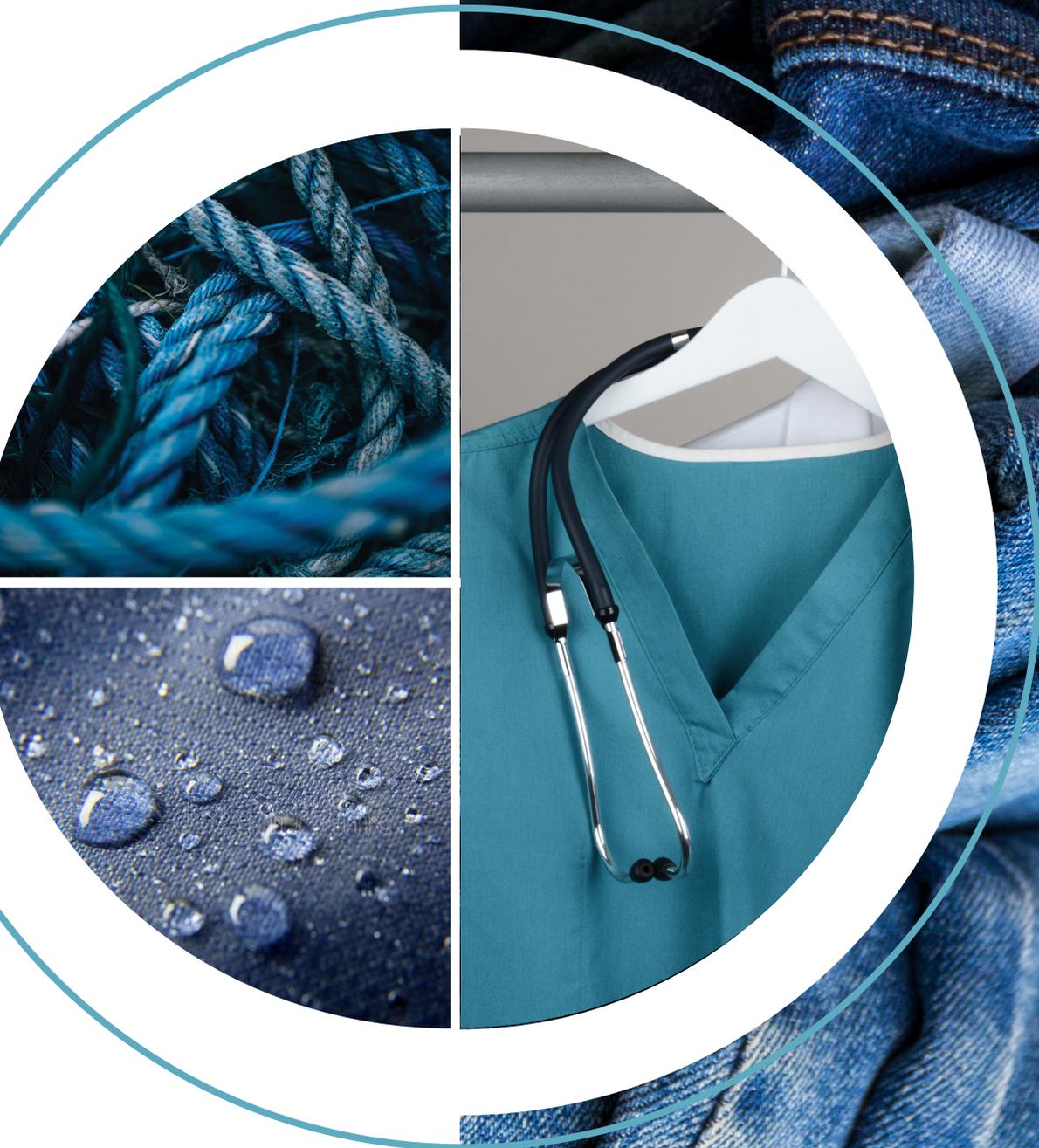




A NEW EU STRATEGY FOR TEXTILES & CLOTHING

EURATEX Vision



Background – the EU textiles & clothing industry

- The EU Textiles & Clothing industry currently includes 160,000 companies (of which 99% are SMEs), employing 1.5 mln people and generating a turnover of €162 bln.
- The sector covers a long supply chain: from fibres into yarns, into fabrics and into final products in textiles and apparel, some of which are strategic for the European economy. It supplies other industries, including healthcare, agriculture, construction and automotive and is closely connected to the creative industries, retail and others. The sector also embraces textiles related services and labelling.
- The T&C sector is one of the most globalised segments of the European economy. Exports dropped to €53 bln in 2020, while imports remain very high (€115 bln), resulting in a significant trade deficit.
- Quality & innovation are the main drivers for the EU T&C competitiveness, as confirmed by the number of patents (1303, compared to 869 for China or 692 for the US) or industrial designs (over 200,000 for the EU; less than 50,000 for the US and 20,000 for China).
- The T&C industry is challenged for its environmental impact, in particular its use of natural resources, application of hazardous chemicals and significant amount of textiles waste.
- COVID19 has shaken the foundations of the textiles, apparel and fashion industry. Global supply chains have been disrupted, retailers are restructuring their sourcing options, consumer behaviour is changing.

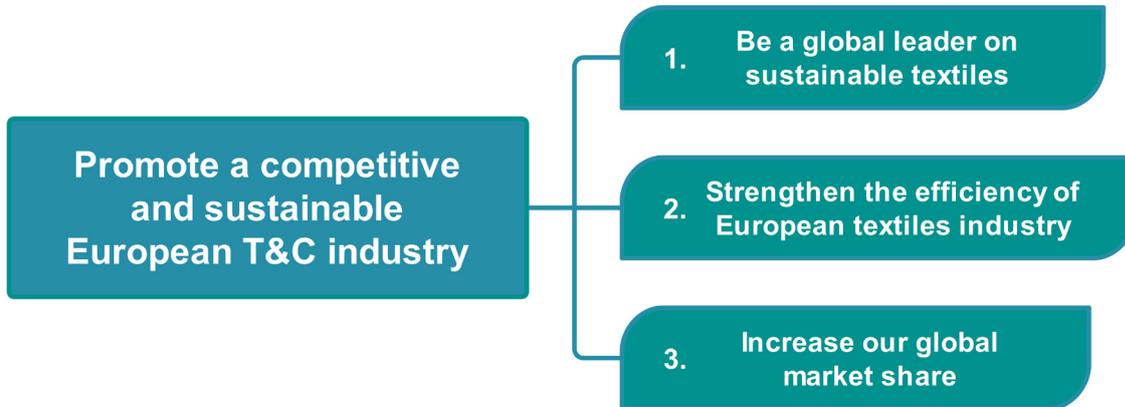
Against this background, EU policy makers put a strong focus on the T&C sector: a dedicated “EU Sustainable Textiles Strategy” is to be published by the European Commission before the end of 2021, and a “transition pathway” will be developed for the textiles sector, as one of the 14 critical ecosystems of the EU’s new Industrial Strategy.

EURATEX Vision

The current context offers an opportunity to shape a new European framework for the T&C industry, which is at a crossroad. EURATEX wants to contribute actively to this process, to make sure we can develop a forward looking business model, laying the foundations for a competitive and sustainable European textiles industry. In line with the EURATEX Charter,

- EURATEX strives for a recognition of the Textiles & Clothing (T&C) sector as an essential and strategic part of the European economy.
- Strongly believes in innovation, quality and sustainability as a source of competitiveness.
- Emphasises the value of a skilled workforce, embracing new green and digital skills.
- Maintains its support for open markets, based on free but fair competition.

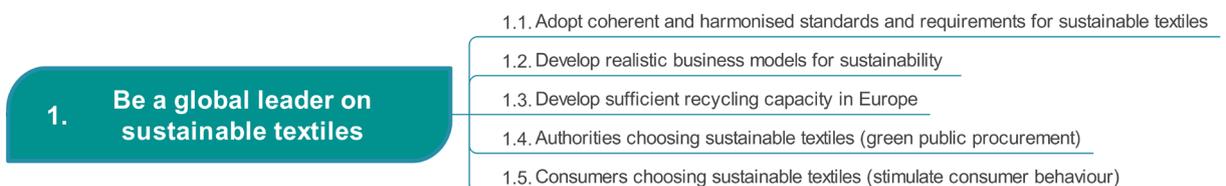
Looking forward, EURATEX ambition is to :



1. A Global Leader on Sustainable Textiles

Sustainability should become a source of competitiveness. For this to materialise, a constructive dialogue with EU policy makers is necessary. Several legislations (e.g. Waste Framework Directive, REACH, etc.) or upcoming policies (e.g. Consumer Agenda, Sustainable Product initiative, etc.) have already set, in theory, progress for sustainable textiles.

However, from the industry perspective these laws/policies could significantly harm the industry’s competitiveness or capacity to produce; besides there is no evidence that these laws may fully achieve the intended goals. Therefore, the textile strategy should roll out measures to support the legislation implementation while boost the industry competitiveness.



More specifically, EURATEX proposes to work on the following measures:

- 1.1 Circular and sustainable products need to be clearly recognised and identified, based on common European – preferably global – standards, labels and verifiable calculation methods. Transparency and traceability (tools) are necessary, but should be carefully tested on their intended use and be product-specific. We should therefore develop and adopt a Product Environmental Footprint (PEF) which is SME friendly and not a burden, and avoid multiplication of standards, which can be overlapping and generate

an inflation of company audits. The progress on traceability and PEF tools should be reviewed against real-life applicability, interoperability, reliability and effectiveness. Also new taxonomy rules must benefit sustainable investment, without becoming directly or indirectly a challenge for SMEs.

- 1.2 To share the cost of the circular transition and keep the competitiveness of responsible European businesses, EURATEX proposes to guide those countries who decide to develop EPR schemes and to ensure coherence across the EU. We should also make sustainability a (positive) business case for the textile industry: implementing an EU-wide bonus system based on support scheme, instead of (only) a malus-system based on regulations (REACH, IED). The eco-design directive should be tailored towards this goal.
- 1.3 The compulsory textile recycling – by 2025 and even before in some member states – is a challenge, but at the same time an opportunity for the industry to develop a coordinated recycling strategy at European level. EURATEX proposes to establish European Recycling Hubs (ReHubs) to build an industrial-scale capacity to collect and upcycle 5 million tons of textile waste in Europe. Such initiative can only be successful if accompanied by harmonised and coherent end-of-waste and by-products criteria.
- 1.4 EURATEX proposes to introduce Green Public Procurement (GPP) criteria which reflects sustainability costs and related needs of manufacturing industry. We invite the European Commission own procurement departments to lead by example in selecting sustainable textiles.
- 1.5 To be successful, the textiles strategy must raise awareness among consumers and foster behavioural changes towards more sustainability, in relation to the 2020 Consumer Agenda. EURATEX and its members are ready to engage with consumers, e.g. by launching a communication campaign or other awareness initiatives. We can also set targets on sustainable products, e.g. by 2030 at least 50% of suitable products on the market follow sustainable design principles which need to be agreed, and based on industry accepted standard/ best practices.

2. Strengthen the efficiency of the European T&C industry

European textile companies cannot compete on price in this very globalised sector; instead, it needs to focus on design, quality and innovation, and manage its operations as efficient as possible. The European strategy should identify areas where efficiency gains can be developed.

2. Strengthen the efficiency of European textiles industry

2.1. Invest in digitalisation of the T&C supply chain

2.2. Develop new green and digital skills

2.3. More textiles innovation and research support through EU programmes

2.4. Support start ups in T&C industry

2.5. Reduce dependency on extra-EU raw materials and improve energy efficiency

- 2.1 Digitalisation offers enormous opportunities for the textile industry to become more efficient and at the same time be more sustainable. This applies to digitalisation within the companies as well as digitising the entire supply chain. EURATEX proposes a Digital Transformation Fund for the European T&C industry, offering small scale investment support to SMEs who wish to digitalise their operations.
- 2.2 As the labour force in T&C is growing older, there is a need to attract young workers and develop new digital and green skills, also for existing workers, to successfully implement this double green and digital transition. As part of the EU Pact for Skills, EURATEX proposes an alliance with VET providers to develop new curricula, promote apprenticeships and roll out a communication campaign to attract young talents to our industry. Additionally suitable support programs for the upskilling and training of existing qualified employees should be initiated.
- 2.3 Despite some success stories i.a. through the textile ETP, the textiles industry is under-represented in most of the EU research and innovation programmes, and success rates in various Call for Proposals have been extremely low. EURATEX calls for a dedicated programme that will finance innovation in textiles, specifically in sustainable textiles and new materials.
- 2.4 Creativity is an essential component of the European textile industry, in particular its apparel and fashion segment. At the same time, the shift towards sustainable and circular products generates multiple local initiatives. EURATEX wants to encourage and support this start up community, as they are the drivers for change, with a dedicated initiative.
- 2.5 The efficiency of the European textile producers has been hampered by difficult access to certain raw materials, and sharp price increases. The EU regulator should be mindful of the impact of their policies, as some providers e.g. of dye stuffs are no longer available in Europe. The EU should insist on open supply chains with third countries, while at the same time create a regulatory environment in Europe where textile supplies can still be manufactured (natural and man made fibres, dye stuffs, etc.). The use of (sustainable) raw materials from Europe should be encouraged and access to sustainable energy supplies at reasonable prices guaranteed.

3. Increase global market share

The textiles industry is one of the most globally exposed sectors of the European economy. Annual imports are double the size of exports (€115bln vs. €53bln), while at the same time the share of exports in the companies' turnover is growing (20% in 2011, today 39%). Therefore the European textile strategy must have a clear and strong global dimension, looking at both defensive and offensive elements.

3. Increase our global market share

3.1. Install more effective market surveillance

3.2. Develop multilateral rules to ensure level playing field

3.3. A strategic regional agenda: US, Mercosur, Africa,...

3.4. Promote reshoring and supply chain development within the PEM region

3.5. Support T&C SMEs to access new markets (economic diplomacy)

- 3.1 We need to solve the market surveillance paradox by creating a network of market surveillance authorities (ADCO) including industry and NGOs and specialized in chemicals and sustainability in textile products to keep non-compliant products off the EU Single Market and develop methods for rapid decision making at customs to test critical imported products based on risk.
- 3.2 To ensure a level playing field across the global textiles industry, multilateral rules need to be established, as against "EU only" rules. This applies to environmental and social standards (due diligence), protection of property rights, etc. A stronger engagement with WTO, ILO and OECD is necessary in this regard. The implementation should be closely monitored and there should be predictable sanctions if the requirements are not met by the third country suppliers and partners.
- 3.3 From a regional perspective, EURATEX calls to resume dialogue with the US to agree on mutual recognition of standards and certification procedures. EURATEX also calls for the rapid adoption of the FTA with Mercosur, which offers considerable market opportunities. We should also identify opportunities for European textile companies in Africa, both in terms of sustainable production and sales, and negotiate FTAs with partners whose markets have a significant potential for the European T&C industry.
- 3.4 The adoption of modernised rules of origin under the PEM Convention should offer a boost to supply chain development within the Pan Euro Mediterranean region. A dedicated campaign should be developed to facilitate and support European textile companies in exploiting the potential of that "integrated" market. Furthermore, the modernisation of the EU-Turkey Customs Union should be given an urgent start, to eliminate any possible barriers to trade and ensure uninterrupted access to products.

- 3.5 To support the European textile SMEs in emerging markets, EURATEX suggest an economic diplomacy campaign, promoting European quality and design. This can be implemented in cooperation with international trade fairs and EU Delegations in third countries.

Going forward: governance and implementation

To successfully implement the above strategy, EURATEX calls on the European Union to pay attention to the following:

When developing this strategy, policy coherence should be ensured. While the EU Green Deal provides an important basis, this textiles strategy needs to be aligned with other relevant EU policies, including the EU Industrial strategy, the new EU Trade strategy, the EU Pact for Skills, the Sustainable Chemicals strategy, the Sustainable Product Initiative, etc. The strategy should lead to harmonised European actions and remove contradictions between EU policies.

The textiles sector is a very “wide” industry; it covers complex and global value chains involving multiple production steps, resulting in a variety of products, some of which are strategic to the European economy. To be meaningful, the strategy should consider the entire value chain of the industry, as it is closely interconnected, as well as its direct links with other sectors (agriculture, chemicals, plastics, etc).

Many 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. Capital base within the industry is limited and most companies are small or medium sized. It is important therefore 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.

To avoid frustration about lack of implementation or follow up, the strategy should also suggest an appropriate governance set up; a (virtual) structure which gathers legitimate representatives of the industry, policy makers and other key stakeholders. EURATEX proposes to create a “textile alliance” that will assess policy impact in textiles and avoid contradicting actions resulting from different policy areas.



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About EURATEX

As the voice of the European textile and clothing industry, EURATEX works to achieve a favourable environment within the European Union for design, development, manufacture and marketing of textile and clothing products.

The EU-27 textile and clothing industry, with around 160,000 companies employing 1.5 million workers, is an essential pillar of the local economy across many EU regions. With over € 62 billion of exports, the industry is a global player successfully commercializing high added value products on growing markets around the world.

Working together with EU institutions and other European and international stakeholders, EURATEX focuses on clear priorities: an ambitious industrial policy, effective research, innovation and skills development, free and fair trade, and sustainable supply chains.