

# A New Look for the Fashion Industry

EU Textile Strategy and the Crucial Role of Extended Producer Responsibility



*In the coming weeks, the European Union (EU) will take the first steps in becoming a global leader in taking on an ugly problem: fast fashion and its mountains of waste. The EU will become the first world region to target the flaws in fashion so directly, with regulations that promise to improve circularity of textiles, stop overproduction, empower consumers to make more responsible choices and make fashion brands accountable for their massive waste problem. This political briefing focuses on Extended Producer Responsibility (EPR), a powerful market-based tool that is expected to be at the centre of the European Commission's upcoming Textiles Strategy.*

## 1. Fashion's ugly waste problem

Since the early 2000s, fashion production has doubled and is expected to nearly double again in the next decade.<sup>1</sup> We are buying 60% more clothing than 15 years ago, but keeping it for half as long,<sup>2</sup> amounting to one garbage truck of textile waste per second being landfilled, incinerated or dumped in nature,<sup>3</sup> causing a waste problem which dwarfs the systems we have in place to manage it, and places an enormous burden of pollution on low-and-middle-income countries to which this waste is often exported. This overproduction is only possible because of the industry's heavy reliance on cheap, fossil fuel derived synthetic fibres, which represent 69% of all fibre production.<sup>4</sup> Cheap synthetics allow brands to sell cheap clothing, for people to buy more of it and more readily discard it when fashions change or when low quality garments wear out.

Yet the over-reliance on cheap synthetics is also entrenching the linear business model of the textile sector. A staggering 87% of all clothing material is lost from the system in some way: the majority is burnt or landfilled, with the rest accounted for by reprocessing losses, losses during collection, microfibre release and 'overstock liquidation'. When downcycling is taken into account, for uses such as stuffing, rags and insulation after which the material is usually landfilled or incinerated, this figure rises to 99%. Closed loop fibre-to-fibre recycling is miniscule, with recycled fibres produced from clothing waste representing between 0.1% and 1% of the material used in new products, either from offcuts during processing or as post-consumer waste.<sup>5</sup> Much of this is due to the technical difficulty of recycling synthetics and complex blends.

There is a shocking lack of accountability for these issues by the fashion industry, which remains one of the most lightly regulated in the world. Unlike many other sectors, they are not responsible for their waste. One of their main sustainability policies has been to rely on the waste of another sector by using recycled polyester from PET bottles - 85% of fashion brands told Changing Markets that this false solution is one of their main sustainability policies.<sup>6</sup>

## FAST FASHION AND THE RISE OF POLYESTER

THE MAJORITY OF FIBRE PRODUCTION IS SYNTHETIC AND COMES FROM FOSSIL FUELS

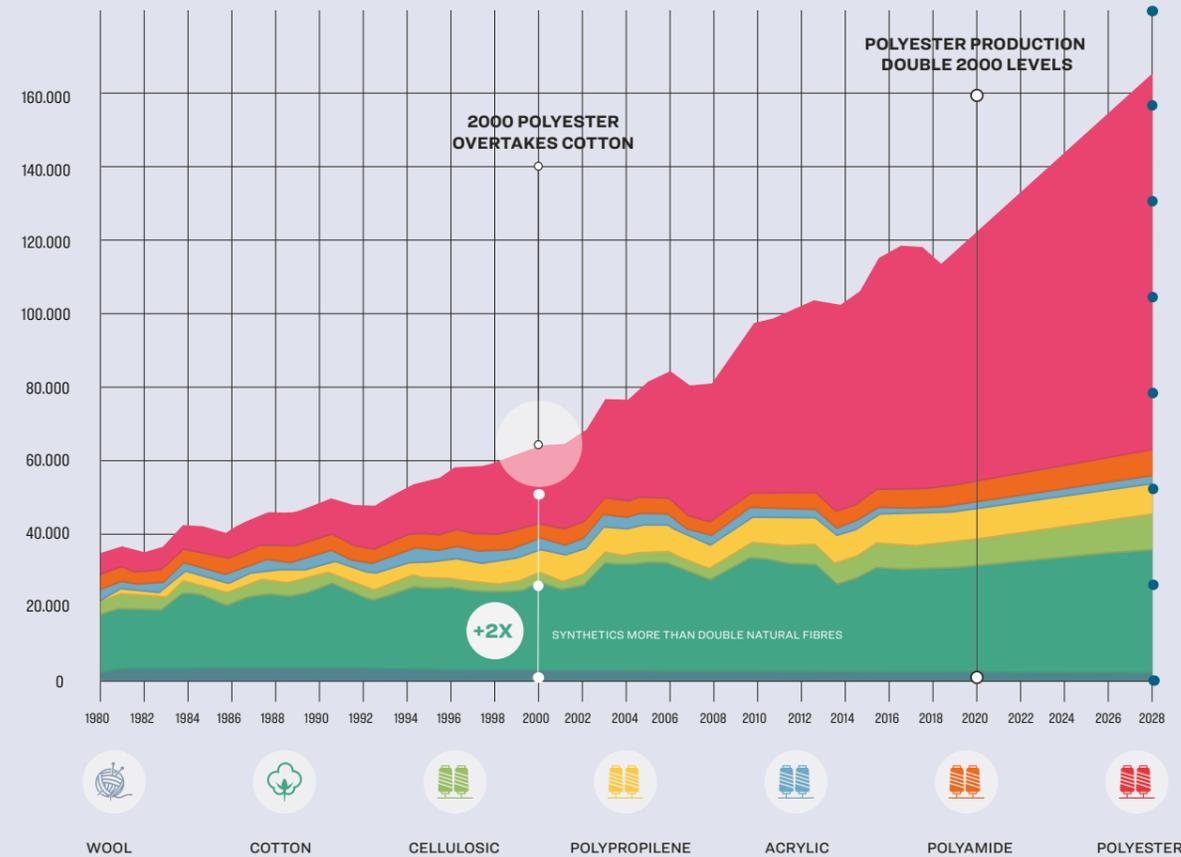
+6X

WORLD FIBRE PRODUCTION BY FIBRE TYPE 1980-2030

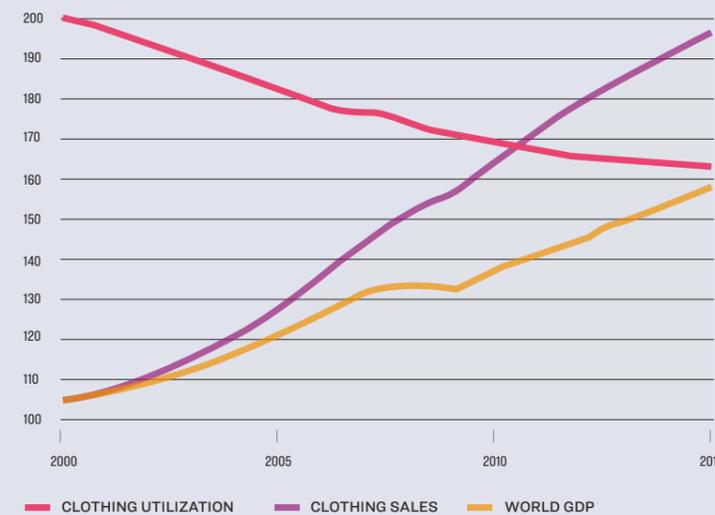
THOUSAND METRIC TONS

(Source: Tecnon OrbiChem)

MORE THAN SIX TIMES COTTON PRODUCTION



WE'RE USING CLOTHES LESS AND LESS BUT THE SALE OF CLOTHES HAS GROWN FASTER THAN POPULATION OR GDP



Source: McKinsey and the Ellen MacArthur Foundation

SOME GARMENTS ARE DISCARDED AFTER JUST

7/8 USES



SOURCE: MCKINSEY

# Europe's textile consumption

IN 2020  
**8.7 MILLION TONNES**

OF FINISHED TEXTILE PRODUCTS

WITH A VALUE OF  
**125 BILLION EUROS**

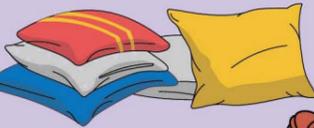
WERE IMPORTED INTO THE EU-27



CLOTHING ACCOUNTS FOR

**45%**  
OF IMPORTS  
IN TERMS OF VOLUME

FOLLOWED BY  
HOUSEHOLD TEXTILES



OTHER TEXTILES AND FOOTWEAR



IN 2019  
EUROPEANS  
SPENT  
ON AVERAGE

IN 2020  
AVERAGE TEXTILE CONSUMPTION PER PERSON  
**15 KG/PERSON/YEAR**



**600 EUR**



CLOTHING  
**6 KG**

**150 EUR**



FOOTWEAR  
**2.7 KG**

**70 EUR**



HOUSEHOLD TEXTILES  
**6.1 KG**



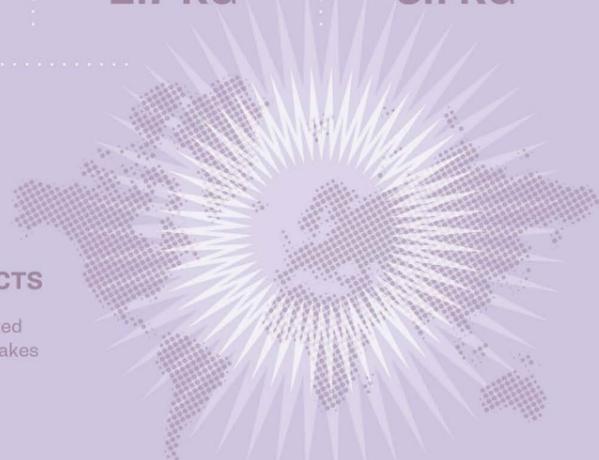
**4TH**  
HIGHEST IMPACT

In 2020, textile consumption in Europe had on average the fourth highest impact on the environment and climate change from a global life cycle perspective.

**80%**

ENVIRONMENTAL IMPACTS

of environmental impacts generated by Europe's textile consumption takes place outside Europe.



# Europe's textile waste crisis

EUROPE'S OVERCONSUMPTION  
OF CLOTHES, SHOES AND  
HOUSEHOLD TEXTILES USES UP

**675 MILLION TONNES**  
OF RAW MATERIALS EVERY YEAR

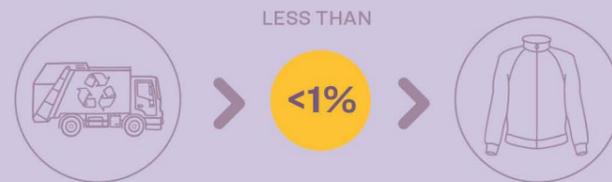


THE RECYCLABILITY OF TEXTILES IS RARELY  
CONSIDERED IN THE DESIGN PHASE



**1/3**

WHICH IS WHY ALMOST A THIRD OF ALL TEXTILE  
WASTE IS UNSUITABLE FOR FIBRE-TO-FIBRE RECYCLING.

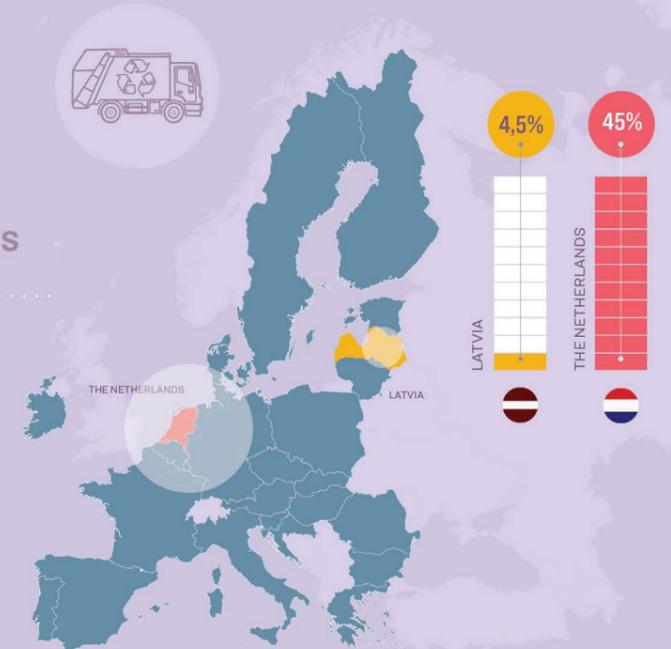


TEXTILE WASTE IS RECYCLED BACK INTO CLOTHES



OF ALL CLOTHING MATERIAL  
ENDS UP IN LANDFILL OR INCINERATION

THE COLLECTION RATE OF USED TEXTILES  
IN THE EU VARIES SIGNIFICANTLY



## 2. How can EPR address the waste crisis?

The upcoming EU Textile Strategy represents an important opportunity to put the fashion and wider textile production industries on a more circular trajectory, and Extended Producer Responsibility (EPR) schemes are central to this transition. By going beyond conventional understandings and applications of EPR, policymakers have an opportunity to ensure producers are truly held responsible for the wasteful products they put on the market and are encouraged to switch to more circular production systems.

An EPR scheme is a regulatory measure which involves setting fees so companies pay for the costs associated with the end-of-life management of their products. To date, this mechanism has mostly been applied to packaging and electronics. Now, EPR is expected to be a key legal instrument put forward in the coming weeks in the European Commission's EU Strategy for sustainable textiles. EPR is a key mechanism by which the polluter pays principle, enshrined in Article 191(2) of the Treaty on the Functioning of the European Union, can be operationalised. By putting in place EPR, end of life costs will be borne by producers, rather than municipalities, and by extension, citizens, as is currently the case. It will also lead to equity by ensuring that people who consume the most fashion (around 27% of consumers<sup>7</sup>) pay for the cost of waste.

To explore how EPR can address the waste crisis, we have commissioned a study 'Driving a Circular Economy for Textiles through EPR' from consultancy group Eunomia Research & Consulting.<sup>8</sup> This section of the briefing presents the key findings of this study.

### Key findings

Eunomia recommends that each EU Member State should implement its own EPR for textiles, while certain key elements should be harmonised at the EU level, such as performance targets, defining which producers are to be obligated, and the criteria for eco-modulation of fees based on environmental criteria related to product design. Harmonisation of these key elements across Europe will ensure clarity for producers selling across multiple Member States, reduce administrative burden in respect of reporting requirements, and increase the effectiveness of fee modulation in driving design changes.

In addition, supporting policy instruments will be needed to increase the effectiveness of EPR schemes, and complement them by addressing essential issues for end of life management, notably a ban on hazardous chemicals and the introduction of minimum eco-design requirements for products placed on the EU market (see point f).

#### a. Fees that drive real change

EPR schemes for textiles must be more than pricing exercises where producers pay for the cost of waste management. The 'polluter pays' principle must be respected, but EPR schemes that simply allow brands to 'pay to pollute' for a small fee run the risk of propping up the status quo - the fees should be sufficiently high to cover the full costs of collection and to meet targets for reuse and recycling. EU already has legislation in place for separate collection of textile waste by 2025. EPR schemes should support this by making sufficient collection points available so that collection truly serves the whole population and not just people living in cities.

The fees should also be designed in a way to drive change in product design. Regulators can incentivise the uptake of certain products and practices through modulating fees on certain environmental criteria, such as durability and recyclability. In this way, companies that sell non-recyclable products (currently around a third of everything on EU the market<sup>9</sup>) will pay higher fees. Eunomia's report presents several ways in which eco-modulation could be optimised and highlights that eco-modulation should be set at the EU level.

#### b. Set performance targets that respect the waste hierarchy

A circular economy does not mean a recycling economy, and EPR schemes should respect the waste hierarchy and always prioritise waste prevention and re-use over recycling. This can be achieved through integrating minimum targets on prevention and re-use set at the EU level. Waste prevention could also be supported with minimum criteria on durability and repair. The reuse sector must be protected and retain access to used textiles. Recycling targets should be set as a proportion of material that is not reused, in order to comply with the waste hierarchy. However, when clothes are sent for reuse to third countries, it is essential that they are properly sorted to ensure that any low quality textile (that is essentially waste) is retained in the EU and, if possible, recycled or properly disposed of. Recent investigations have revealed that textile export destination countries are burdened with the waste problem: for example in Ghana 40% of all textile that is sent to the country's second-hand market is waste.<sup>10</sup>

#### c. Support closed-loop recycling, instead of downcycling

It is vital that EPR schemes have the correct incentives to encourage recycling of clothes back into clothes and not false circularity, for example by using polyester from recycled plastic bottles. Targets for EPR schemes set at the EU level will be essential in order to drive improvements to used and waste textiles management in Member States. Eunomia's study recommends specific targets for collection, preparation for reuse and recycling, which should be periodically reviewed to ensure that they are sufficiently ambitious. Currently, open-loop recycling (such as the recycling of clothing into rags and insulation material) is the principle means through which recycling takes place. This supports a reduction in materials going to disposal and reduces the use of virgin material in these products. However, closed-loop recycling (such as clothing-to-clothing recycling) and associated targets will be required to support a truly circular economy for textiles. As such, targets must evolve in a stepwise manner to steadily increase the proportion going to closed-loop recycling.

These measures can also be supported through eco-design requirements, for example, fibre-to-fibre recycling could be supported by introducing an obligation to include a small percentage of recycled materials from old textiles in new products placed on the market. Eco-modulated fees could also incentivise increased recyclability to ensure that the loop is continuous and to ensure that non-recyclable textiles pay a higher fee.

**d. Transparent governance and reporting on the EPR scheme's performance**

Due diligence and appropriate enforcement by the EPR scheme is of crucial importance to provide transparent and accurate information and to mitigate non-compliance. Eunomia recommends that the EPR scheme must be responsible for carrying out regular audits on the data supplied by producers and textiles waste management operators, to ensure it is accurate and verifiable. Member State governments must also be responsible for commissioning independent, third-party audits of the EPR scheme, producers and waste management operators, to ensure all parties are discharging their responsibilities accurately and in accordance with national policies and targets. Eunomia also recommends that government coordinate and consult with expert advisory groups, such as waste management operators, academics and civil society organisations.

**e. One EPR system for textiles won't fit all**

Textiles are more than just fashion and apparel. EPR schemes should be set up for other groups of textile products, for example carpets, mattresses and other applications, i.e. furniture. Europe is the second largest market for carpets and also one of the largest producers (an estimated 65% of EU demand for carpets is fulfilled by EU-based companies). The carpet EPR toolkit,<sup>11</sup> developed by Eunomia in 2018, outlines suggested criteria for mandatory eco-design measures (or 'essential requirements'), including phasing out harmful substances, setting minimum levels for recycled content, recyclability requirements and product passports. Other policy options set out include a graded 'Green Carpet Mark' (similar to the EU energy efficiency label) to help inform and empower consumers, and Green Public Procurement to rapidly increase the market share for better designed and more recyclable products.

**f. Other supportive policies for an effective EPR scheme**

EPR's potential is amplified through a host of complementary policies, which are especially essential to influence product design. Eunomia backs the following complementary measures.

| MEASURE   | BRIEF DESCRIPTION   |
|---|---|
| Ban the use of hazardous chemicals and materials or agree a concentration threshold thereof in clothing and textile products                            | Ban on Substances of Very High Concern (SVHC) in unfinished and finished textile products. Provide guidance on investigating safer alternatives substances in final products and production processes. Update REACH chemical regulation (being revised this year) to address textile specificities and improve enforcement. |
| Implement minimum eco-design durability requirements for stress resistance and lifetime of products and components                                      | Define product-specific and component specific (fibre, yarn fabric construction, finish and colour) metrics to effectively test and compare durability.   |
| Implement minimum eco-design requirements for design practices per product category that allow disassembly for replacement and repair, or for recycling | Define product-specific metrics to effectively assess and compare the ease of non-destructive disassembly or products.  |
| Implement minimum repairability and modularity requirements   | Ensure that brands can provide bespoke replacement parts and mend particular features of their products e.g., zips, buttons.  |

### 3. Other recommendations to tackle textile overproduction (beyond the scope of Eunomia study)

**a. Progressive fees**

One way to set EPR fees that would meet the Circular Economy Action Plan's objective of addressing fast fashion would be to investigate options such as progressive fees which are linked to the number of new items placed on the market every year. Brands should get a bonus for a lower amount of products placed on the market and for favouring practices such as leasing, repairing and reusing items already on the market. The marginal cost of placing additional new items on the market would increase as more new items are placed on the market.

**b. Virgin plastic tax**

Tackling overproduction of fashion also means taking action on the use of synthetic fibres which underpins the soaring rates of textile production and its worsening waste crisis. Virgin plastic tax could help shift the market away from over-reliance on fossil-fuel derived synthetics, account for the negative impacts of such materials (micro-fibre release, fossil fuel extraction and non-biodegradability at the end-of-life) and level the playing field with other fibres. Polyester costs half the price of cotton and the exponential growth of this cheap fibre has been a key enabler of fast fashion since 2000.<sup>12</sup>

**EPR for textiles across Europe**

- France is the only EU country with an EPR scheme for textiles currently in place.
- The Netherlands has called for an EU-wide obligation for EPR for textiles and is planning to put in place its own EPR scheme in 2023
- Sweden has legislation to introduce an EPR for textiles since 1 January 2022 and be implemented by 2024.

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