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**climate emergency**

# Eight-point climate plan for EU textiles

The proposed EU Textile Strategy may be the industry's best and only chance to transform the apparel industry at the pace and scale required to help mitigate climate change, says Mike Schragger, director of the Swedish Textile Initiative for Climate Action.

**W**hen it comes to climate change, we are in a state of emergency.

According to the latest studies, the apparel and textile industries are responsible for a significant amount of greenhouse gas emissions (GHG) – approximately three to seven per cent of the global share.

A European Environment Agency report published in 2019, says textiles are the fifth highest-pressure category for GHG emissions from consumption in Europe, with most of the

apparel industry's emissions generated from resource extraction and production via fibre and material extraction and production, yarn production, fabric preparation and wet processing.

Stakeholders in the global apparel sector have now started to act on this issue. However, without serious and smart legislation, halving the industry's GHGs by 2030 and achieving carbon neutrality by 2050 will still be extremely difficult.

That's why the upcoming EU Textile Strategy and

legislation along with the Sustainable Products Initiative is so vitally important. According to Euratex, in 2019 the EU textile and clothing sector is responsible for two per cent of turnover and five per cent of employment in the European manufacturing sector.

But more importantly, it is one of the biggest markets for clothing and textiles. This makes it very influential on a global scale. That is why, as part of the EU Green Deal, the EU Circular Economy Action Plan and the Industrial Strategy, clothing and textiles have been identified as a priority area by EU policy makers to pave the way towards a carbon

## EU textile and clothing sector 2019

- Turnover €162 billion
- Employs 1.5 million people
- 160,000 companies
- 99.8 per cent of companies are micro and SMEs
- 66 per cent are active in clothing.
- 71 per cent of employees are women.

Source: Euratex, 2020

neutral and circular economy, as well as to help the industry recover from the COVID crisis.

### First steps

As we understand it, the first step that the EU is taking to develop legislation for clothing and textiles is to frame the goals and areas that will be in focus, and then specific pieces of legislation will be proposed and implemented over the coming years. And although it is no small challenge to design policy and legislation in a way that both reduces greenhouse gases while creating jobs and welfare, given our need to rapidly transform the global textiles industry during this decade, the implementation of an EU Textiles Strategy along with the Sustainable Products Initiative is the best and only opportunity to transform our sector at the pace and scale required.

That is why the Sustainable Fashion Academy (SFA) calls for the EU Textile Strategy to include sufficient economic incentives, including substantial investment support, to enable the industry to make the required shift towards a carbon neutral and fair sector.

Here is what we think needs to be included in the strategy and upcoming legislation:

**Textile Strategy must deliver a carbon neutral textile and fashion industry by 2050 and an estimated 50 per cent reduction in greenhouse gas emissions by 2030**

Given the climate impact of the sector and the need to deliver on EU climate goals, adopting climate targets in line with science and the Paris Agreement should be integrated into the upcoming EU Textile Strategy and subsequent legislative initiatives. For the strategy to be a success, it must reduce greenhouse gas emissions (GHGs) from textiles dramatically over the next decade. Building on recommendations from the Carbon Law and the Science-Based Targets Initiative, the sector must reduce emissions by an estimated 50 per cent by 2030, not just in its own operations but in industry value chains, where most emissions are created.

We therefore call on the EU to adopt ambitious climate targets on an organisational level for the sector, addressing scope 1, 2 and 3 emissions, thereby ensuring the strategy addresses embedded emissions.

We agree that future legislative actions must incentivise models that keep products in longer use, and ultimately reduce consumption, but the EU textile strategy cannot only address overproduction of textiles and fashion. New garments will also be needed in the future and slowing down consumption will not in itself result in net-zero emissions. For the EU strategy to be a success, legislation that drives overall climate impact reductions must be prioritised.


**The EU strategy and subsequent legislation should**

“ Without legislation that creates sufficient economic incentives and that spurs massive financial investment, it is extremely unlikely the industry and its stakeholders will be able to meet key greenhouse gas reduction targets and other sustainability goals within this decade

**include measures to track and measure industry performance, or lack thereof, of greenhouse gas emission reductions**

Without a robust way to track and measure the climate action of the textile industry, it will be impossible to know if legislation is leading to concrete reductions in greenhouse gas emissions during the next decade. The EU Textile Strategy must therefore develop methods to collect data and estimate progress on GHG emission reductions on an annual basis. An EU-wide report should be issued on a regular basis to provide insight into what is working and what needs to be improved to ensure the industry is on track.

**Incentivising a circular textiles economy is a key lever for climate action but reuse and recycling alone will not sufficiently address the need to reduce greenhouse gas emissions**

Circular economy, reducing material footprint, incentivising the use of recycled content and prevention and limitation of waste will be essential for reducing CO<sub>2</sub> emissions. However, LCA studies show that recycled materials do not automatically hold a lower-carbon footprint neither at product level, nor from a life cycle perspective. For example, if a recycling process converts one litre of fossil oil from waste to a new textile resource, but in 

doing so the process requires two litres of fossil oil as fuel, that is not sustainable.

Circularity must always be combined with clean production processes. Therefore, circularity must be viewed as a strategy to meet science-based climate targets and sustainability goals, rather than an end-goal itself.

### **A strong focus of the EU Textile Strategy should be to clean up primary production – and support companies to do so**

The biggest impact in terms of environmental and climate effects occurs during the production phases. If future legislation does not address primary production, it will not address the primary sources and underlying causes preventing sufficient climate action. Cleaning up primary production will therefore be critical.

Large parts of textile and garment production take place outside Europe – mostly in Asia. Any successful EU strategy needs to support companies (both large and SMEs) in their aim to green their supply chains and address their impacts in production countries. SMEs often have small purchase volumes, and face difficulty influencing and supporting their suppliers to transition to and invest in renewable energy, energy efficiency and better dyeing and water management solutions. There is therefore a need for technical and financial support to help SMEs to collaborate with their

suppliers outside the EU in implementing new processes and technologies. The EU could explore measures to assist suppliers in manufacturing countries in accessing finance for such investments. In addition, the EU should lead diplomatic negotiations with supplier countries to ensure affordable renewable energy becomes accessible.

To incentivise and drive change down the supply chain, the EU should explore excise duties, custom fees or carbon border measures for textile products that could give sufficient benefits (lower fees) to products produced with lower CO<sub>2</sub> footprints. This could create a large incentive to drive change downstream in the value chain. In addition, legislation should apply to non-EU actors placing products on the EU market, and ensure that sustainability, climate and renewable energy policies are a key part of future trade agreements.

### **Investment support will be needed to enable clean production processes, especially for SMEs**

Analysis conducted by Boston Consulting Group and Fashion for Good in 2020 estimated that an estimated €17–25 billion in financing is needed annually over 10 years to ensure that a broad range of sustainable textile innovations can be successfully scaled. Although this analysis focuses on apparel

innovations more broadly, and not climate specific innovations, the financial investment needed for climate specific solutions in the fashion industry is likely to be similar or even greater.

Preliminary analysis in a forthcoming report from Fashion for Good and the Apparel Impact Institute, to be launched in November, estimates this investment needs to be circa €1 trillion over the next 30 years.

In many cases, these investments are needed for scaling existing solutions and technologies – like solar panels and solar thermal energy. In other words, it is possible to reach the 2030 climate targets with existing technology, but these need to urgently be invested in and incentivised at a massive scale. The EU Textile Strategy needs to take into consideration how the financing and technical support can encourage investments at the scale and the pace required.

### **As a rule, the new EU strategy should address the significant impact of production processes rather than remain fixated on the fibre types used in textiles**

Recent research by Mistra Future Fashion clarified that the significant differences between the environmental impacts of fibre are mostly the result of how they are produced, and not linked to the fibre type itself. In other words, the environmental impact of fibre depends not only on the type but also on where and how the fibres are manufactured. The scale,

geography, agricultural practices, energy sources, chemical suppliers, and waste management matter significantly.

Also, it is important to stress that a certain fibre type most often can be produced from different raw materials (synthetics can be made from biobased material, viscose from a range of cellulose sources, etc.), which influence the environmental performance greatly.

Therefore, regulation should not limit or regulate certain types of materials and fibres, but rather focus on clearly defining what a sustainable material is and under what conditions such a material should be produced.

This could be regulated under the upcoming Sustainable Products Initiative. These requirements should be based on key environmental and climate indicators and should be tightened over time.

This will ensure that brands overall can make better material choices when designing sustainable products.

### **Legislation should not overestimate the influence product transparency will have in driving more sustainable consumption**

Transparent product information is crucial: the more information consumers and other stakeholders have about a product, the more likely they will understand the impacts of their choices and/or be able to hold companies accountable for

their products and services. Product transparency will also help businesses benchmark their products against the best performers, creating a “race to the top”, ensuring their products are best in class. Clear EU rules and requirements and recommendations on green claims and product level impact disclosure are essential to ensure the consumer understands the impact of the product.

However, existing research focused on the ‘attitude-behaviour gap’ indicates that consumers do not necessarily choose greener products even when the relevant information is provided on the product. Future policy must therefore not overestimate consumer behavioural change as a driver for cleaning up the sector. Although product transparency is very important, it should not be considered the main strategy for transforming the industry. Consumer pressure and market pressure are unlikely to accelerate change at the pace and scale needed.

In addition to product transparency, it is equally important to require transparency and climate targets at the company level. A company can produce a few climate-friendly products and collections, but an overall product portfolio that is not climate friendly. Demanding such transparency will also facilitate market surveillance performed by authorities and enable accurate policy instruments and enforcement.

### **SMEs need serious financial incentives to ensure climate action is more profitable than inaction and need legislation that is simple to implement to effectively reduce their greenhouse gas emissions**

SFA closely collaborates with a significant representation of Nordic textile SMEs through the Swedish Textiles Initiative for Climate Action (STICA). Given the challenges they face in reducing their emissions to net-zero and transitioning to circular business models, our single most important policy recommendation is that it must become economically viable for companies to do so and that they can effectively implement what is required.

### **Conclusions**

The above recommendations are based on our understanding of the latest research and what insight we currently have about the upcoming EU Textiles Strategy. The eight points outlined above are by no means exhaustive and will need to be refined or strengthened based on new insights or input. We therefore welcome a constructive debate in the coming months about how best to ensure robust climate action is fully integrated into the strategy so it is in line with what science tells us must be done.

If we don’t take this opportunity deadly seriously, we may never have another chance to leverage government action as it was intended to be used. ■