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Joint statement on Extended Producer Responsibility for Textiles

The <u>proposal for a targeted revision of the Waste Framework Directive</u>, presented on July 5, 2023, addresses some key waste streams in need of urgent attention by EU legislators: food waste and textiles. The proposed Extended Producer Responsibility (EPR) for textiles is a first step towards holding producers accountable for the products they place on the market. However, we, the undersigned, would like to point out some grave shortcomings of the proposal and call on policymakers to fully implement the *polluter pays principle* to stem the tide of textile waste in the EU.

- 1. The proposed EPR scheme for textiles **omits setting targets** for waste prevention, collection, reuse, and recycling.
 - a. Waste prevention targets should be mandated for both waste streams addressed in this revision: food and textiles. For textiles, the EU's goal to improve the durability of garments via Ecodesign/ESPR is a good first step, yet it ignores the fact that production and consumption are driven by fast fashion trends and aggressive marketing rather than the need to replace clothes that have reached the end of their physical lifespan. The introduction of the separate collection obligation for textile waste in January 2025 will lead to additional clothing volumes to be managed.¹ Reducing the amount of textile waste would make attaining any waste management targets (collection, reuse, and recycling) easier and contribute to preventing shifting the burden outside the EU via exports. Moreover, the European Parliament, in its resolution on the EU Textiles Strategy, already called for waste prevention targets.² In the short term, a target for 2030 should be set at 10-15% and based on the volumes placed on the market, taking, e.g., 2020 as a base year since reliable waste data is scarce. This recent paper by ZWE provides further insights and justifications

¹ Our estimates, based on the JRC 2019 data mentioned in the Impact Assessment (European Commission, Joint Research Centre. *Techno-scientific assessment of the management options for used and waste textiles.* 2023 (under development) – mentioned in the Impact Assessment, Figure 1, page 9), concluded that achieving a 40% separate collection rate for textiles in the EU would increase the volumes collected by approximately 2.5 million tonnes/year (based on stable market/no growth of new items put on the market). Even when multiplying reuse in the EU by 1,5 and recycling capacities by 2,5 compared to 2019, this could cover only around 1.3 million tonnes. The gap between collected textiles and EU reuse and recycling capacity would hence be around 1.2 million metric tonnes, which could result in skyrocketing export rates. This estimation underlines the urgent need for a waste prevention target in order to ensure member states take effective action against the fast fashion surge.

² i: "61. Underlines that the revision of the Waste Framework Directive should introduce **specific separate targets for textile waste prevention, textile collection, textile reuse, preparation for reuse, closed loop fibre-to-fibre recycling** and phase out the landfilling of textiles; stresses that reliable data and benchmarks are needed for monitoring the targets; underlines also the importance of setting harmonised end-of-waste criteria for textiles;"

for a target and proposes a waste reduction target of 33% by 2040 in comparison to the volumes of textiles placed on the market in 2020. The introduction of progressive EPR fees based on volumes placed on the market can play a vital role in achieving this target.

- b. Waste management performance targets are missing from the proposal. The Impact Assessment concluded that performance targets are not feasible at this point due to a lack of post-consumer data on textile waste. However, the EU should get inspired by the newly introduced EPR for textiles in the Netherlands, which shows a way forward to deal with the lack of data available and introduced performance targets (including collection, reuse, recycling, and fibre-to-fibre recycling targets), as well as the long-standing French EPR scheme.³ The lack of waste performance targets could perpetuate the mistreatment of used clothing, as uncovered in recent investigations by the Changing Markets Foundation (here and here), potentially hindering the adoption of reuse practises and undermining the EU's leadership when it comes to necessary investments in fibre-to-fibre recycling technologies. Fibre-to-fibre recycling is still in its infancy, but it will only take off in the EU if there is a clear signal from policymakers that this is the future direction of travel for the textile industry globally. As one of the biggest markets for textile products, the EU should ensure that this law does not become a missed opportunity to ensure the EU develops in this space. The collection of data by PROs on products placed on the market is already foreseen in the proposal and will enable the monitoring of performance targets. The European Parliament should live up to its commitment made in June 2023 in the resolution on an EU Strategy for Sustainable and Circular Textiles that calls for such targets. We, therefore, propose the following targets for 2030:
 - i. A separate collection target of 60% by 2030 (e.g. France already set a 60% collection target by 2028);
 - ii. An EU-based recycling target of 30% by 2030 (e.g., France set a 70% recycling target excluding reuse by 2024 and 80% by 2027) with a specific sub-target for fibre-to-fibre recycling:
 - 1. A fibre-to-fibre recycling target of 5% by 2030, which is then increased to 10% by 2035.⁴ This would also require introducing a solid definition of fibre-to-fibre recycling.
 - iii. A reuse target of 30% by 2030 (e.g., the Netherlands have a 75% preparation for reuse and recycling target by 2030, of which at least 25% needs to be prepared for reuse) with a specific sub-target for local reuse:
 - 1. A local reuse target of 15% by 2030 that requires reuse within less than 1500 km from the collection point.

³ i: Targets in the French EPR scheme: Collection: 60% by 2028 (based on volumes put on the market, in tons); Recycling: 70% by 2024, 80% by 2027 (based on volumes collected, but not reused – in tons); Specific recycling target for garments that have at least 90% plastic composition: 50% by 2025, 90% by 2028; Disposal should not exceed 0,5% of the volumes that are collected – in tons; Repair target: +35% by 2028 compared to 2019 (based on the number of repair actions apart from guarantee); Reuse target: 120 k tons by 2024 (unsold items excluded); Local reuse target (less than 1500 km from the collection point): 8% by 2024, 15% by 2028 (based on the total reuse volumes, in tons).

⁴ The <u>Netherlands</u> set a 75% recycling and/or preparation of reuse target by 2030 of which at least 25% has to be prepared for reuse and 15% for reuse in the Netherlands; and of which 33% has to be recycled fibre-to-fibre.

Data availability to set targets:

- The <u>Netherlands</u> introduced a calculation of targets based on textiles put on the market;
- In France, the separate collection target is based on the average quantity (tonnes) of textiles put on the market in the last 3 years. The recycling target is based on quantities (tonnes) of textiles collected separately and sorted but not reused. The reuse target is in tonnes, while the local reuse target is based on the total quantity (tonnes) of reused textiles;
- In recent EU law, the <u>regulation</u> on batteries mandates the calculation of the first collection rate by using the amount of collected batteries in 2023, divided by the mean of the sales of the three previous years (2020, 2021, 2022) (as indicated in Annex XI);
- The WFD revision foresees that PROs will be required to publish information on the amount of
 products placed on the market (Article 22c 17(a)), which will facilitate the monitoring of targets.
- 2. Eco-modulation: EPR should act as a price incentive to drive better design instead of a fee producers 'pay to pollute'. It is evident that the biggest environmental impact of the textiles industry lies in the production phase, and, therefore, managing waste at the end of life will only have a small overall positive effect. To address design, it is crucial that the eco-modulation be a multiplier or a lump sum much higher than the eco-contribution in order to be incentive enough. An assessment of EPR practises for different product streams (packaging, WEEE, batteries, and textiles) shows that the eco-modulation of fees is currently focused almost exclusively on waste management instead of driving waste prevention by redesign. Utrecht University found that collection and recycling are set up in such a cost-efficient way that they cost less than 2% of the product price (sometimes even as little as 0,1%), too small to act as a price incentive. This report also outlined that the focus on cost-coverage hampers effective fees (p. 21) and should therefore be removed.⁵

Moreover, footwear and leather are covered by EPR but outside of the scope of eco-modulation (Article 22c. 8), which represents an unfair exemption for these polluting products.

The proposed EPR fees based on weight could serve as a problematic incentive for material substitution; e.g., a polyester shirt might be lighter and hence cheaper for producers than a cotton shirt. Policymakers should thus consider the risk of fees based on a weight-only indicator. To prevent regrettable material substitution, it will be crucial to align eco-modulation and the new ecodesign requirements for textiles so that both measures ensure textile products remain in continuous active use.

3. We propose to introduce a **volume criterion in the calculation of the eco-contribution fees and/or the eco-modulation** to tackle fast fashion. This fee would be linked to the number of new items placed on the market by a brand each year. This way, brands would be incentivised to focus on quality rather than quantity of items placed on the market. The fee for placing additional new items on the market would increase as a certain threshold was met. Volumes of new items put on the market (per product category) can be taken into account in the calculation of the basis rate of the eco-contribution (progressive fees based on volumes) but also in the eco-modulation system (above a specific threshold,

⁵ i: please find more information on effective EPR schemes <u>here</u>.

products can not be subject to a bonus or a prime any longer) In France, for example, if a producer puts on the market above 100k items per product category and year, the prime is divided by 10.⁶

- 4. The proposal outlines a range of activities that are to be covered by the EPR fees, including transport, sorting, preparation for reuse, recycling, and other recovery operations. In addition to this, it would be prudent to add a **fund for change and justice** that allocates at least 10% of the EPR fees to reuse (5%) and repair operations (5%) in order to make this sector more profitable and create local jobs. Moreover, this measure is in line with the EP resolution on the EU Textile Strategy. ⁷ Inspiration for the fund could be taken from the French example, which targets social economy actors directly.
- 5. To improve **data availability**, the proposed waste compositional analysis should be carried out annually, instead of every 5 years. This will help to target interventions on textile items most likely to end up in residual waste. <u>Slovenia</u> already mandated annual compositional analysis in 2018.
- 6. Textile exports: The proposal stipulates that Member States shall ensure that, in order to distinguish between used and waste textiles, products suspected of being waste may be inspected by the competent authorities of Member States for compliance with the minimum requirements for the shipments of used textiles, and evidence of a prior sorting operation must be provided (Art 22 d 6-9). As several investigations have shown, a large percentage of clothes (20–50%) exported as used textiles are in fact waste, despite claims that they were properly sorted. For this reason, the proposal should be improved to include a minimum number of regular inspections before shipment, as well as strict penalties for companies caught exporting waste. While preventing the export of textile waste is an important step forward in light of the high levels of textile exports from the EU, it also remains uncertain whether exported textiles that underwent prior sorting and are reusable in theory are reused in practise. Regardless of demand for imports in recipient countries, whether sorted garments will be reused and for how long remains contextual, and most of what is exported will ultimately end up as waste in the environment if there is not enough waste management capacity, as seen in <u>Ghana</u>.
- 7. The proposal encourages member states to set-up competitive EPR schemes. It is, however, crucial to note that the current governance set up of EPR schemes is inherently flawed, as outlined by <u>Utrecht</u> <u>University</u>, leading to the exclusion of stakeholders, corporate capture, and insufficient environmental outcomes. Although competitive PROs may provide benefits to producers (less free-riding, economies of scale), <u>research</u> has shown that they dilute ecodesign incentives and may raise issues of competition, besides leading to insufficient funding through price dumping. Neither a competitive nor a monopoly scheme will reach the desired environmental impact without **adjusting the governance framework of EPR** altogether. It must be ensured that:
 - a. All actors, including social enterprises, municipalities, waste managers, and NGOs, are included in the decision-making around the design, functioning, and governance of EPR schemes, instead of only having an observing role;
 - b. PROs will not use their position to lobby against environmental policies at national and European levels;

⁶ i: please find more information on the French EPR scheme <u>here</u>.

⁷ 57: "...calls on the Commission to ensure that a significant proportion of the contributions made to extended producer responsibility schemes will be used for waste prevention and preparation for re-use measures, respecting the waste hierarchy;"

- c. Stakeholders such as governments, environmental organisations, and waste processors are no longer entirely reliant on PROs for providing data, contracting, and policy effectiveness;
- d. (National) governments, in turn, will have more control to ensure a democratic policy-making process involving a broader group of stakeholders;
- e. Enforceability and monitoring of PROs works well; the boards of PROs reflect the aforementioned stakeholders; governments can impose sanctions on non-compliant PROs;
- f. PROs provide financial guarantees ahead of each year of their operation.
- 8. **Online marketplaces** should not be excluded from EPR obligations. Member States must ensure that online platforms verify that producers are registered in EPR registries before placing products from those producers onto their platforms. Online marketplaces should be liable in the case of non-compliance with EPR schemes when there is no other identified actor (importer, distributor, producer, or authorised representative for the product in the EU).
- 9. The scope of EPR schemes, as outlined in <u>Annex IVc</u>, excludes items like mattresses and carpets. These products are likely to be landfilled or incinerated at their end of life and municipalities bear the brunt of the costs of collection and management. The WFD should stipulate the introduction of EPR schemes for those products; <u>existing schemes can serve as examples</u>. Europe is the <u>second-largest market for carpets</u> and one of the largest producers (an estimated <u>65% of</u> EU demand for carpets is fulfilled by EU-based companies). Investigations have shown that 1.6 million tonnes of carpet waste are generated in Europe every year, mostly ending up in landfills or incinerators, with less than <u>3% being recycled</u>. <u>Carpet manufacturers have already urged</u> the European Commission and Member States to adopt mandatory rules to push the whole sector to become circular.
- 10. The proposed Extended Producer Responsibility (EPR) for textiles is a first step towards holding producers accountable for the products they release into the market. However, the unnecessary long transition period of thirty months means tonnes of textiles will continue to be incinerated while municipalities (and thereby taxpayers) have to shoulder the burden of mandatory separate collection in the meantime (from the beginning of 2025 until the introduction of EPR schemes.

List of signatories

Changing Markets Foundation	Impact France
Ecopreneur	Plastics Change
En Mode Climat	Recycling Network Benelux
Environmental Coalition on Standards	RREUSE
European Environmental Bureau	Zero Waste Europe
Fédération de la Mode circulaire	