

Briefing on ongoing work on circular economy- circularity in other sectors:

Circular economy, trade & sustainable development in the textiles and clothing sector

11 May 2023
TESSD, WTO, Switzerland

TESSD Working Group on Circular Economy – Circularity

Circular economy and sustainability challenges

The 'fast fashion' phenomenon

- Global production has almost doubled over the past 15 years, driven by increased sales in more advanced economies and rising demand from a growing middle-class in developing countries.
- During the same period, the number of times a garment is worn before being discarded has decreased by 36%.
- Less than 1% of the material used to produce clothing recycled into new clothing. A large proportion ends up dumped on landfills, polluting water and soils.



Sustainability challenges

- **Economic:** Key source of growth & export revenue for many developing countries (e.g., cotton & synthetic fibers & manufacturing of textiles) but downward pressure on prices in global supply chains
- **Social:** 300 million people employed but high risks of exploitation, underpayment, forced labor, health risks and abuse, particularly for women.
- **Water:** 215 trillion liters of water per year for production of fibers, bleaching, dyeing & finishing.
- **Land:** Cotton production accounts for 16% and 4% of global pesticides and fertilizers use, despite occupying only 2.5% of arable land.
- **Climate:** Wet processing, synthetic fiber production and laundering represent 8% of global GHGs.
- **Pollution:** Use of toxic chemicals affecting workers and drinking water. The sector accounts for 9% of annual microplastics released in the oceans.

Selected aspects of a transition to a more circular textiles sector across full life cycle

Narrowing resource flows



- A shift towards safe, recycled, or renewable inputs:
 - Sustainably sourced cotton & wood-based fibers,
 - Low-energy, low-water, & nature-positive production methods,
- A significant reduction in the use of virgin non-renewable materials.

Slowing resource loops



- Keep textiles in use for a longer time:
 - Eco-design requirements & production of long-lasting, repairable textiles;
 - Second-hand use;
 - New service models such as clothing rental.

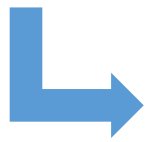
Closing resource loops



- More post-use options, along with drastically improved, environmentally sound recycling systems & technologies when materials reach their end-of-life.

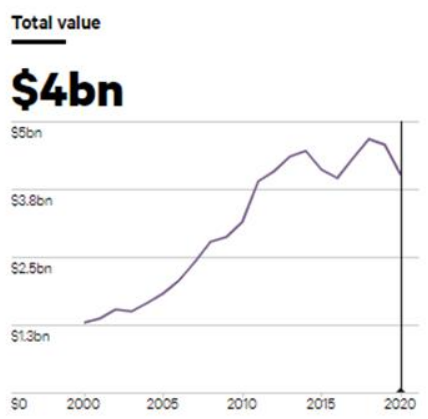
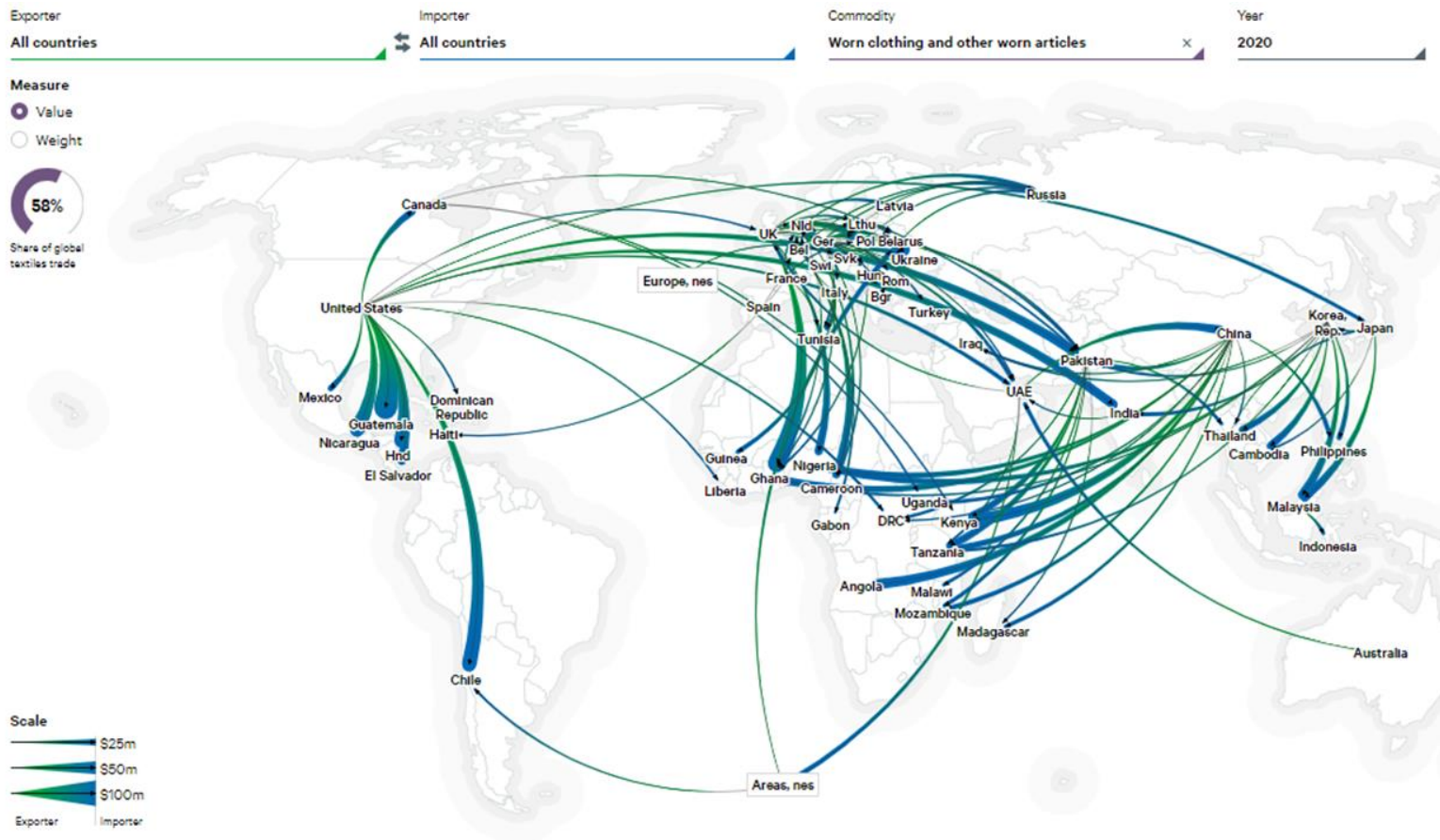
Trade & sustainable development dimensions to a circular transition in textiles and clothing

- 4 percent of world exports, representing a critical share of developing country exports (more than 50% for Cambodia, Pakistan or Benin, up to 80% in Lesotho and Bangladesh).
- International supply chains, footloose investments & short-term, unpredictable contracts
- Developing countries confined to low value-added segments (raw material, labor-intensive tasks), & developed countries responsible for design, marketing and higher value-added activities
- Trade in second-hand textiles raises critical challenges for developing countries (next slide)
- Trade impacts of new CE requirements: extended producer responsibility, eco-design policies, circular procurement, standards & regulations, traceability. Impacts vary depending on:
 - Extent to which countries produce & export clothing made of natural or synthetic fibers,
 - Ability to manage inputs used & post-industrial waste, access technologies & establish env. sound recycling facilities.



Key trade-related issues & challenges

- Supply chain traceability
- Differences in requirements, standards, etc.
- Product vs process approaches to circularity
- Positive vs negative incentives to meet sustainability criteria
- Concerns about impact of trade in second-hand textiles



Trade flows		Commodities		Exporters		Importers	
Top 5		Fastest growing		2015-2020			
1	United States	\$624m	1	Pakistan	+37%		
2	China	\$387m	2	United Arab Emirates	+24%		
3	Germany	\$320m	3	Areas, nes	+15%		
4	United Kingdom	\$311m	4	Spain	+15%		
5	Korea, Republic	\$246m	5	Lithuania	+14%		

Exports or re-exports of second hand and used clothing to developing countries are raising significant concerns.



- A large proportion ends up dumped on landfills or open spaces, polluting water and soils in developing countries.
- Raises concerns of unfair competition with domestic producers (of inputs & final products)
- Limited facilities & investment for recycling or participation in remanufacture supply chains