

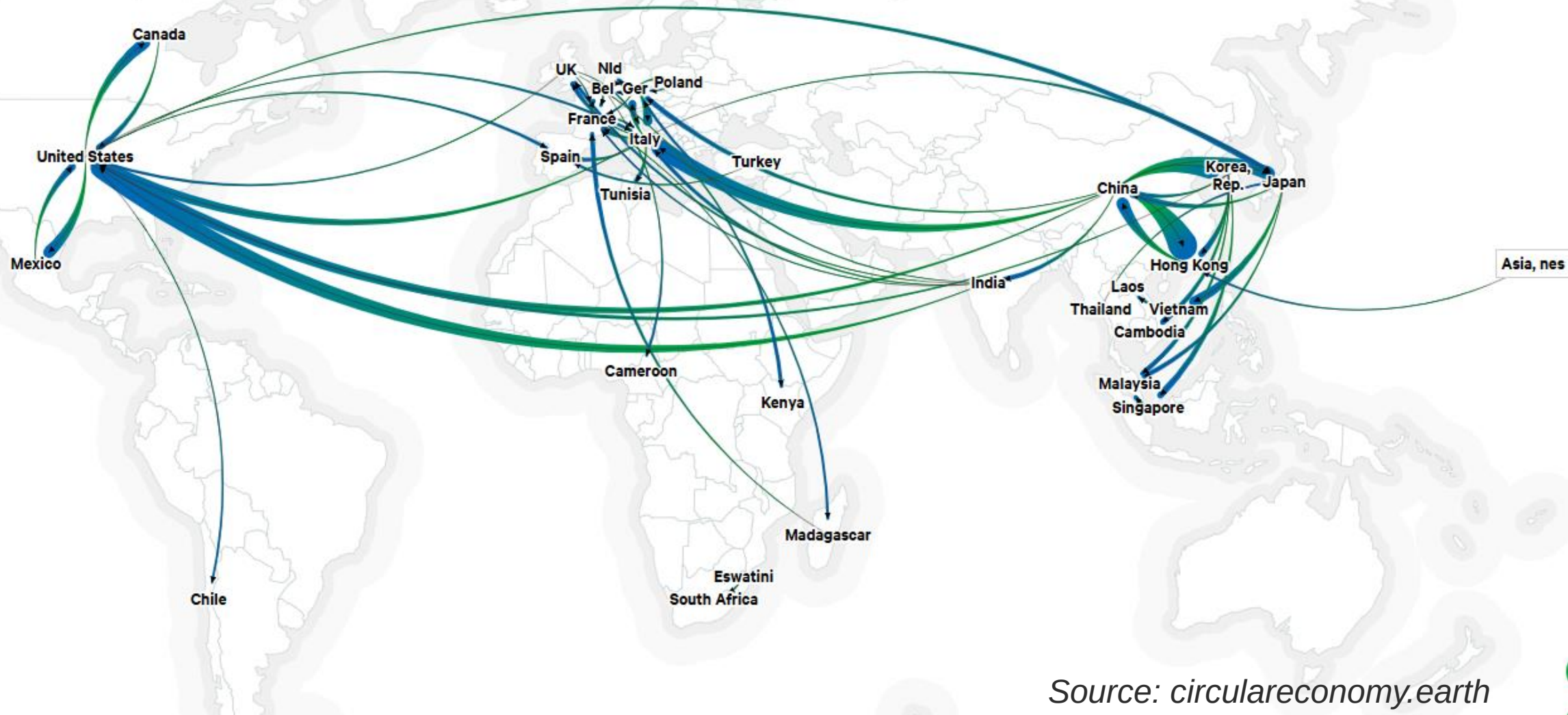
Circular textiles and trade

Considerations for the TESSD informal working group

Dr Jack Barrie
Senior Research Fellow – Chatham House

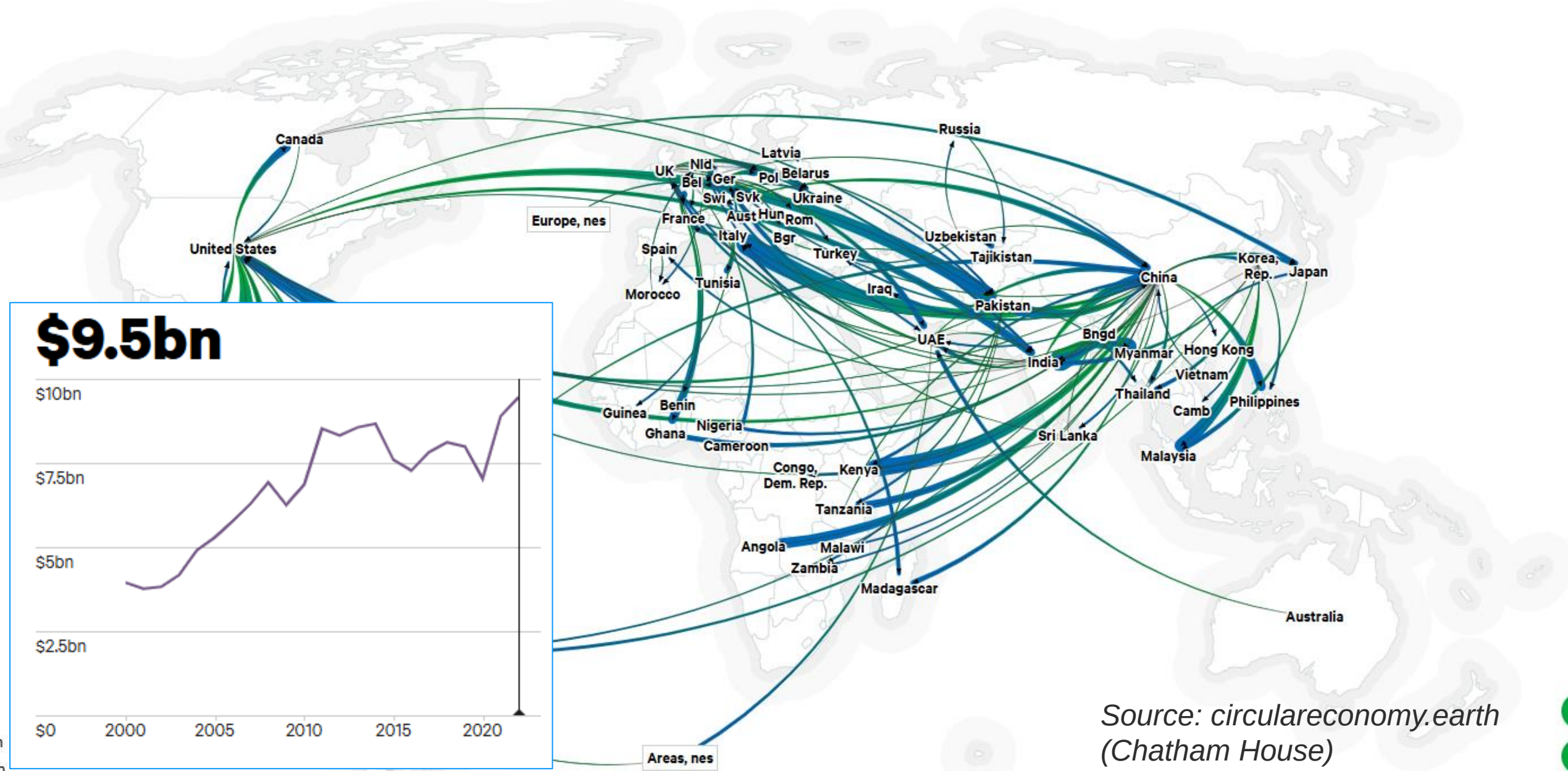
11.03.2025

Used and waste textile trade globally in 2000



Source: circulareconomy.earth
(Chatham House)

Used and waste textile trade globally in 2022



Benefits & Challenges of Used Textiles and Textile Waste

Benefits

Exporters:

- Finding secondary use for textiles rather than costly landfilling/incineration (if lacking capacity to reuse, recycle).

Importers:

- Affordable access to textiles in secondary markets
- Opportunities for employment (sorting, repair, repurposing, recycling, resale, export)

Challenges

Exporters:

- Inability to determine end use of shipped textile

Importers

- Volumes can overwhelm local municipalities in global south (waste & pollution)
- Increasingly poor quality
- Poor working conditions (largely informal)

Case study: EU Sustainable and Circular Textiles Strategy

- Combined policy package results in **significant trade consequences** – impacting non-EU supplier and importer countries
- Supplier countries – paradox of simultaneously reduced access to feedstock for recycled content from EU (stricter WSR) whilst meeting challenging eco-design & traceability market access requirements. **Requires stronger dialogue and coordinated strategy**
- Used/Waste importer countries – short term influx, long term reduction in volume and quality. **Risk of underutilisation of textile repair and upcycling skills and ongoing waste challenges**
- Risk of EU textile waste build up and price inflation (short/medium term)
- Circular textile transition **cannot be done unilaterally** – greater opportunity for trade collaboration to build inclusive and efficient global circular value chains.

1. Transboundary EPR fee transfer
 2. Improvement of HS classifications to differentiate between upcycled textiles, unsold textiles and used textiles
 3. Global mutual recognition of standards alongside these (sorting and classification and also upcycled garments).
 4. Close loophole between plastic waste export and textiles (a huge source of plastic pollution once they enter secondary markets)
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Transboundary EPR fee transfer

- Export of used textiles will continue transfers the cost burden of waste management.
 - Upon import, used textiles need to be re-sorted, inspected, cleaned, repaired/renewed or discarded to waste. All these steps incur a cost. Upcyclers cannot bear the cost of preparing increasingly poor-quality clothing for reuse (and these costs are not currently accounted for within EU EPR costing evaluation).
 - TESSD CE WG may consider discussion on merits of embedding transboundary transfer payments within EPR guidelines and exploring the practicalities thereof.
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Kantamanto (Ghana) Used textiles market fire – January 2025.

Pursue international collaboration to identify pragmatic trade facilitation and regulation solutions for unsold, used and upcycled textile products.

- No clear HS distinction between unsold, used and upcycled textiles.
 - Results in unsold and upcycled being classified under the HS code 63.09 (worn clothing). Unsold exports rising. Upcycled exports hold potential but are restricted.
 - Unsold & upcycled textiles should not be classified under HS63.09 as it requires (i) visible wear and (ii) bulk packaging.
 - Opportunity to explore revising HS codes or introducing new classifications in the HS2028 revisions, similar to successful e-waste addition in HS2022.
 - Revising multilateral agreements, such as adding textile waste to the Basel Convention
 - Support and coordinate at the global scale ongoing initiatives to identify pragmatic trade facilitation and regulation solutions for unsold, used, upcycled and waste textile products.
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Global guidelines/criteria for post consumer used and waste textile sorting and classification as well as for specifications upcycled garments

- No global standards for post consumer used and waste textile sorting and classification
 - Results in confusion and unpredictability in shipment quality and profitability and illicit trade risks
 - Lack of standards on market access product specifications for upcycled garments – significantly hindering emergence of circular textiles value chains.
 - See [UNEP Circularity and Used Textile Trade Project](#)
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Closing loophole between plastic waste export restrictions and textiles

- Synthetic textile waste currently not regulated under the Basel Convention as hazardous plastic waste.
 - Synthetic textiles (if not appropriately managed at EoL) can disperse harmful/hazardous chemicals and microplastics into the environment
 - Possibility for TESSD discussion on gap in regulation of trade in synthetic textiles waste globally
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Annex 1: Additional slides on impact of EU Textile strategy on trade partners

**Impact of EU circular
textile policies on
European partner trading
countries: the case of
Bangladesh and Ghana**

Funded by



Federal Ministry
for Economic Cooperation
and Development

Laudes ———
— **Foundation**

Background to the project and funders

Funded by Laudes Foundation and the German Federal Ministry for Economic Cooperation and Development (BMZ), with the support of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ); and led by a consortium of globally leading circular economy organizations (Chatham House, Circle Economy Foundation, European Environment Bureau), this project aims to co-design an EU circular textiles policy framework that is informed by data and includes the perspectives of key stakeholders.

[Further together: How the EU can work more closely with trade partners to achieve a sustainable and circular textiles economy](#)

[Circular textile trade scenarios between the EU and Ghana](#)

[Circular textile trade scenarios between the EU and Bangladesh](#)

[Textile Trade Flow and Employment Baseline Analysis Ghana](#)

[Textile Trade Flow and Employment Baseline Analysis Bangladesh](#)

[Circular textiles policy review Considerations for EU trading partner countries](#)

[Socioeconomic Impacts of European Union Circular Textiles Policies on Trading Partners](#)

Research questions:

1. How will EU trade and circular textiles policies impact partner countries, and in turn, what does this mean for the success of EU policy and a global just transition?
2. How can the EU systematically integrate socio-economic impacts on trading partners into future policies, ensuring consultation and independent data in impact assessments?
3. What synergistic trade opportunities exist between the EU and key trade partners to achieve the most efficient and equitable transition?

LED BY



IN COUNTRY PARTNERS



SUPPORTED BY



EU Sustainable and Circular Textiles Strategy

- » Ecodesign for Sustainable Products Regulation
- » Waste Framework Directive
- » Waste Shipment Directive
- » Revision of criteria for Green Public Procurement and the EU Ecolabel
- » Green claims Directive
- » Textile Labelling Regulation
- » Corporate Sustainability Due Diligence Directive

The 'Strategy' will result in substantial and complex textile trade flow changes with trade partners over the short, medium-long term

GENERAL SCENARIOS FOR FUTURE TRADE FLOWS FOR EU

	Item	Short term (1-5 years)	Medium term (5-10 years)	Long term (10+ years)
Imports	Low quality 'fast fashion'	Steady increase 	Plateau/Steady decrease 	Rapid decrease 
	High quality ESPR compliant	Static 	Steady increase 	Rapid increase 
Exports	Low quality post-consumer used	Rapid increase 	Steady increase 	Plateau 
	High quality post-consumer used	Rapid increase 	Small increase 	Steady decrease 
	Unsold pre-consumer textile exports	Rapid increase 	Steady increase 	Steady decrease 

- ESPR requirements
- EPR fees increasing and modulation
- Ban on destruction of unsold goods

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- Mandatory collection and EPR
- Ban on destruction of unsold goods
- Collection outstrips domestic recycling capacity in short/medium term. Incentive to avoid landfill/incineration fees
- Ongoing waste shipments to OECD countries (e.g. Türkiye) & dependent upon # of exemptions
- Ongoing export of 'used' under HS63.09 (prior and subject to EoW criteria)

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Imports	Low quality 'fast fashion'	Steady increase	Plateau/Steady decrease	Rapid decrease
	High quality ESPR compliant	Static	Steady increase	Rapid increase
Exports	Low quality post-consumer used	Rapid increase	Steady increase	- Moderate slowdown in exports of used and unsold goods - Legacy items continue to be collected at high rates - ESPR not fully matured - Used clothing can still be exported
	High quality post-consumer used	Rapid increase	Small increase/ Plateau	
	Unsold pre-consumer textile exports	Rapid increase	Steady increase	

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Exports	Low quality post-consumer used	Rapid increase 	• Reduction in quality of exports • Higher quality more economically attractive to capture domestically	Plateau 
	High quality post-consumer used	Rapid increase 		Steady decrease 
	Unsold pre-consumer textile exports	Rapid increase 		Steady decrease 

Short term (0-5 years) [Additional Info]

In the short term (0–5 years), EU exports of both low- and high-quality used textiles, as well as unsold pre-consumer textiles, will likely increase, while waste textile exports to non-OECD countries will reduce

- Mandated separate textile collection and EPR schemes, combined with a ban on the destruction of unsold textiles, will lead to a rapid accumulation of used and unsold stock.
 - EU infrastructure and systems will not scale fast enough to handle this growth, and hence there will be a strong incentive to export this used surplus stock to secondary markets and avoid costly domestic landfill or incineration fees.
 - The WSR will also begin to dramatically reduce waste textile exports to non-OECD countries. Risk reclassifying sorted post-consumer waste textiles as used textiles. Imports of low-quality ‘fast fashion’ items will continue increasing prior to the ESPR delegated act for textiles coming into full force.
 - Impact major producer countries by restricting access to textile waste and used textiles, which are needed to provide the feedstock for recycled materials, while at the same time paradoxically increasing ecodesign market access requirements (including minimum recycled content requirements).
 - Used-textile destination markets in the short term by increasing volumes of trade, bringing opportunities for additional sales but also potentially putting further pressure on local waste management systems already struggling to cope with current volumes.
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Exports of used and unsold textiles likely to begin stabilising and eventually plateau as domestic capacity to resell, repair and recycle used textiles within the EU improves.

- Volumes will remain high due to the continued collection of pre-ESPR low-quality legacy textiles.
 - Exports will likely continue to reduce in quality (i.e. textiles that are too poor quality to extract economic value from in the EU).
 - Destination markets for used textiles will increasingly receive lower-quality consignments leading to lower profit margins and higher levels of pre-sale discards to waste. Demand for imports of low-quality items will begin to plateau, while demand for higher-quality ESPR-compliant imports will begin to slowly increase.
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In the longer term (10-plus years), we expect all exports of used textiles, unsold goods and textile waste to plateau or decline, while imports in high-quality textiles will rapidly rise and low-quality textile imports will rapidly drop.

- Requires large used textile and textile waste recipient markets to either transition away from used textile and textile waste activities or to attempt to source feedstock from alternative markets such as the US and China, where WSR is less stringent and domestic repair and recycling capability is limited.
 - Suppliers in non-EU producer countries (particularly micro, small and medium-sized enterprises) will face a major challenge in transitioning from a fast-fashion industrial complex to producing high-quality, sustainable and circular textiles while at the same time demonstrating high levels of supply chain transparency and traceability.
 - As a result of these impacts, the EU strategy may lead to a series of unintended consequences. For example, market access requirements may simply become too challenging and costly and producers in non-EU countries choose to pivot to other growing but less stringent markets, particularly in the Global South. This may result in less market choice for EU textile procurers and increased average prices.
 - Second, simply restricting exports of EU textile waste and used textiles to secondary markets may have the counter-effect of increasing environmental and social impacts in these destinations and importers will be forced to source from countries and regions with weaker textile waste sorting and export regulations. As such, it is important for the EU to take a proactive approach to mitigating these potential consequences, which, if they become true, could threaten the overall success of the EU textiles strategy.
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- EU Sustainable and Circular Textiles Strategy could significantly alter textiles value chains – impacting non-EU supplier and importer countries
 - Supplier countries – paradox of simultaneously reduced access to recycled content from EU whilst meeting challenging eco-design & traceability market access requirements. **Requires stronger dialogue and coordinated strategy**
 - Used/Waste importer countries – short term influx, long term reduction in volume and quality. **Risk of underutilisation of textile repair and upcycling skills and ongoing waste issues**
 - EU textile waste build up and price inflation (short/medium term)
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