

## Easy Being Green? EU Sustainability Policies and the Textile & Apparel Industry

[Elizabeth Howlett](#), Office of Industry and Competitiveness Analysis

*The European Union (EU) has proposed a variety of environmental policies that will likely impact the textile and apparel industry. These initiatives include legislation to promote circular economic activities and ensure corporate responsibility for sustainability compliance throughout the supply chain. Because the EU is a major global importer of textiles and apparel, its policies could affect suppliers in countries beyond the bloc. This EBoT provides an overview of select EU sustainability policies relevant to the global textile and apparel industry.*

**The European Green Deal drives the EU’s sustainability policies.** In 2019, the EU presented the European Green Deal (“Green Deal”) as its policy framework for sustainable economic development. The Green Deal principally established the EU’s commitment to reach net zero greenhouse gas emissions (GHG) by 2050, with implementation through laws affecting a wide range of economic sectors. The New Circular Economy Action Plan (CEAP) followed in 2020, identifying circularity as an important element to shape initiatives under the Green Deal.<sup>1</sup>

**The textiles and apparel industry is a focus of EU circularity goals.** The EU has prioritized the textile and apparel sector for its shift to circular models, largely based on the European Environment Agency’s (EEA) assessment that the industry consumes significant resources and generates enormous waste. The EU Strategy for Sustainable and Circular Textiles (“Textiles Strategy”), adopted in 2022 under the CEAP, is the basis for sector-specific proposals to extend useful product life and minimize the quantity of landfilled items. One important initiative aims to encourage sustainable alternatives to “fast fashion”—low cost, low quality clothing that quickly cycles out of style—through the “ReSet the Trend” campaign to promote repair, resale, and recycling.

The Ecodesign for Sustainable Products Regulation (ESPR), presented in the same legislative package as the Textiles Strategy, is a key proposal under the CEAP. The proposed ESPR, which will apply to nearly all goods sold in the EU—including textiles and apparel—if enacted, promotes circularity through harmonized product design standards for durability, reuse, and recyclability<sup>2</sup>; energy- and resource-efficient production; the use of non-hazardous materials and recycled content; socially and environmentally responsible value chains; consumer access to clear product information; and effective waste management, including a ban on the destruction of unsold goods. Additionally, the proposed ESPR requires that all products on the EU market have a digital product passport (DPP) to provide consumers with access to information regarding repairs, recycling, material content, and other factors that affect product sustainability. The European Commission (EC) expects to finalize work on the proposed ESPR by 2024, with textile-specific ESPR standards released by 2026. While the details are uncertain, the apparel industry expects ESPR to have a high impact on the business operations of manufacturers.

The EU has also continued to update its Waste Framework Directive (WFD)<sup>3</sup> to more effectively capture the circular economic opportunities for discarded textiles and apparel. A 2018 amendment to the WFD requires all member states to establish separate recycling collection for textiles by 2025. In July 2023, the EU proposed a new amendment to set up an Extended Producer Responsibility (EPR) program specifically for textiles and apparel, which will require companies to pay an EPR fee when consumers discard their products. Under the proposal, the ESPR’s anticipated textile ecodesign standards would determine the framework for the EPR fee structure, with lower costs for more sustainable items. Fees collected under the EPR program would fund initiatives to support circularity (e.g., infrastructure for textile collection and sorting).

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<sup>1</sup> Circular systems create a closed loop of materials used at their highest value, consuming fewer resources and creating less waste in the production process. Because the majority of GHG emissions result from raw material processing, the CEAP is intended to reduce the EU’s carbon footprint through the extension of product life and reuse of manufacturing inputs.

<sup>2</sup> E.g., apparel ecodesign standards might limit the use of trims and fabric finishes that negatively impact recyclability.

<sup>3</sup> The WFD, while not directly related to the CEAP, includes circularity initiatives targeted at textiles.

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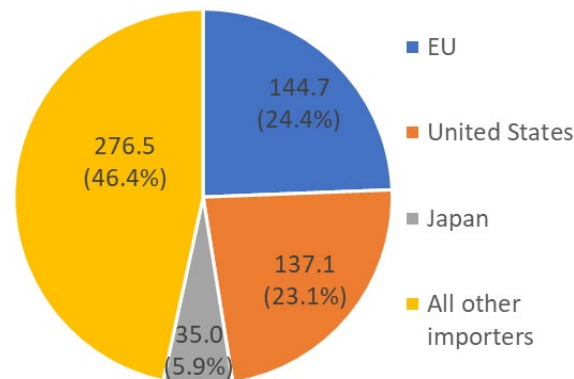
**The EU seeks corporate responsibility for compliance with sustainability standards.** The EU Corporate Sustainability Reporting Directive (CSRD), which went into effect in January 2023, updated existing rules on firms’ disclosure of their environmental, social, and governance (ESG) information. The CSRD aims to provide stakeholders, including civil society actors, investors, and consumers, access to standardized data on corporate ESG performance throughout the value chain. In 2024, the impacted companies (i.e., EU companies and non-EU companies with EU subsidiaries that meet certain thresholds on size and turnover within the EU, with a gradual expansion of scope over four years) will begin mandatory reporting in accordance with the newly created European Sustainability Reporting Standards (ESRS). To comply with the CSRD, brands may broaden the scope of data required from their suppliers. Sector-specific standards covering textiles, accessories, footwear, and jewelry, collectively, are expected in the future, although the timeline has not yet been determined.

Additionally, the proposed Corporate Sustainability Due Diligence Directive (CSDDD), if adopted, would compel certain companies (i.e., EU and non-EU firms that meet certain thresholds on size and turnover within the EU) to outline their due diligence protocols to eliminate negative impacts on labor and the environment throughout their value chains. In December 2023, EU lawmakers tentatively agreed to the details of CSDDD, including the subject companies, supervisory role of member states, and fines for non-compliance.

**EU policy may affect the global textile and apparel supply chain.** Because the EU is the leading global importer of textiles and apparel, the requirements under its green initiatives are likely to impact the industry in countries outside of Europe. In 2022, EU sector imports totaled \$144.7 billion, or 24.4 percent share of total global textile and apparel imports; by comparison, the United States and Japan imported \$137.1 billion and \$35.0 billion, respectively (figure 1). China, Bangladesh, and Turkey were the top three sources of textiles and apparel for the EU during 2018–22 (table 1). The size of the EU market is likely to create a strong incentive for global textile and apparel brands, retailers, and manufacturers to comply with the new policies to stay competitive within the bloc.

**Figure 1 Global imports of textiles and apparel, by importer, 2022**

In billion dollars and share of total



Source: [S&P Global Market Intelligence](#), HS ch. 50-63, accessed 9/20/23.

Note: Top importers by value in 2022. Data do not include intra-EU trade. Due to rounding, figures may not add up to 100 percent.

**Table 1 EU imports of textiles and apparel (HS chapters 50-63), by source country, 2018–22**

In billions of dollars

Import source	2018	2019	2020	2021	2022
China	38.2	37.0	55.0	41.4	45.3
Bangladesh	16.9	17.1	14.5	17.4	23.6
Turkey	15.1	14.7	14.0	17.2	18.5
India	7.5	6.9	5.5	7.2	8.3
Pakistan	5.0	5.1	4.8	6.0	7.5
Vietnam	3.7	4.0	4.0	4.0	5.5
All others	38.2	37.4	32.9	31.8	36.0
Total	124.5	122.1	130.6	124.9	144.7

Source: [S&P Global Market Intelligence](#), accessed 9/20/23.

Note: Top import sources by value in 2022. Data do not include intra-EU trade. The UK is not included in any year even though it was an EU member state until 2020. Due to rounding, figures may not add up to totals shown.

Sources: EC, [“Rights and Environmental Sustainability,”](#) 12/14/2023; EEA, [“Textiles and the Environment,”](#) accessed 11/9/23; EU, [CEAP](#), accessed 11/9/23; EU, [Proposed CSDDD](#), accessed 11/9/23; EU, [CSRD](#), accessed 11/9/23; EU, [Green Deal](#), accessed 11/9/23; EU, [Proposed EPR](#), accessed 11/9/23; EU, [Proposed ESPR](#), accessed 11/9/23; EU, [ESRS](#), accessed 11/9/23; EU, [Textiles Strategy](#), accessed 11/9/23; EU, [WFD](#), accessed 11/9/23; Remedy Project, [An Apparel Supplier’s Guide](#), 2023.

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