



EU STRATEGY ON SUSTAINABLE AND CIRCULAR TEXTILES

Knowledge Brief
May 2025



PAKISTAN TEXTILE
COUNCIL

Abstract: *In the EU legislative context, the Strategy for Sustainable and Circular Textiles was formulated to mention specific action instruments that will be implemented to achieve the broader goal set by the European Green Deal to make EU carbon neutral by 2050. This knowledge brief aims to explain the context behind this framework, roadmap, regulations, directives outlined within, and the potential impact it will have on textile global value chains.*

List of Acronyms

BAT	Best Available Techniques
BREF	BAT Reference Document
CS3D	Corporate Sustainability Due Diligence Directive
EC	European Commission
EPR	Extended Producer Responsibility
ESPR	Eco-design for Sustainable Products Regulation
EU	European Union
GACERE	Global Alliance for Circular Economy and Resource Efficiency
GPP	Green Public Procurement
ILO	International Labour Organization
OECD	Organisation for Economic Co-operation and Development
PET	Polyethylene Terephthalate
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
SMEs	Small and Medium-sized Enterprises
UNEP	United Nations Environment Programme

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Pakistan Textile Council is a not-for-profit public limited company that represents leading textile and apparel exporters. Our mission is to help shape a path of sustainable growth for Pakistan's textile and apparel sector and deliver economic and societal impact, putting Pakistan first. We aim to work on industry-level topics with key stakeholders of the textile and apparel sector in Pakistan and overseas.

The opinions expressed in this document are those of the Pakistan Textile Council and do not necessarily reflect the views of its member companies.

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Written by: Zunaira Hafeez

Overview of EU's Regulatory Landscape

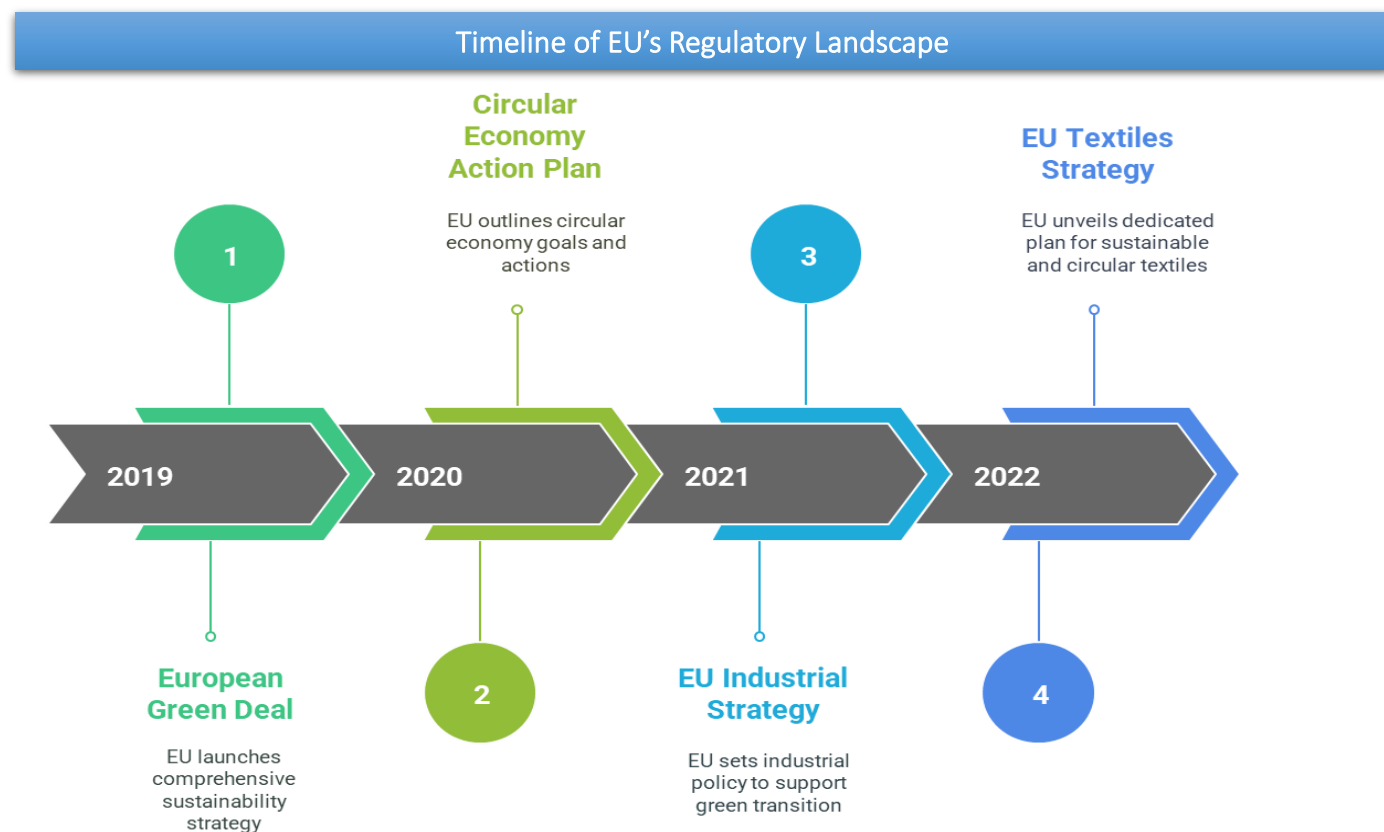
The EU's Regulatory Landscape is broad and complex. It is shaped by its unique institutional structure stemming from its dual role, political and economic. Hence, it consists of various components such as policies, strategies, regulations, directives, funding mechanisms and, sector-specific initiatives.

Strategies are non-binding core policy roadmaps outlining long-term objectives and priorities. Policies are broader frameworks which outline more specific implementation instruments to achieve the long-term goals. Directives are binding instructions that Member States must comply with, however they have flexibility in how they transpose them into national law. Regulations, on the other hand, are directly applicable in all Member States without the need for national legislation.

Since 2019, with the introduction of its core sustainability policy, The European Green Deal, the EU aims to achieve carbon neutrality by 2050 and, by 2030, reducing 55% of its carbon emissions with 1990 as the base year, and planting of three billion trees¹. In order to achieve these goals, a plethora of regulations and directives have been introduced targeting various differing sectors, textiles included.

EU Regulatory Landscape for Sustainable and Circular Textiles

EU strategy for sustainable and circular textiles is a framework adopted by the EU in March 2022 under the policy umbrella of The Green Deal, the Circular Economy Plan, and the updated Industrial Strategy. It is a building block in EU's regulatory landscape for achieving a carbon neutral economy by 2050 where economic growth does not correlate with resource usage by ensuring textiles in the EU must be durable, recyclable, made largely from recycled fibres, non-toxic, and ethically produced, socially and environmentally².

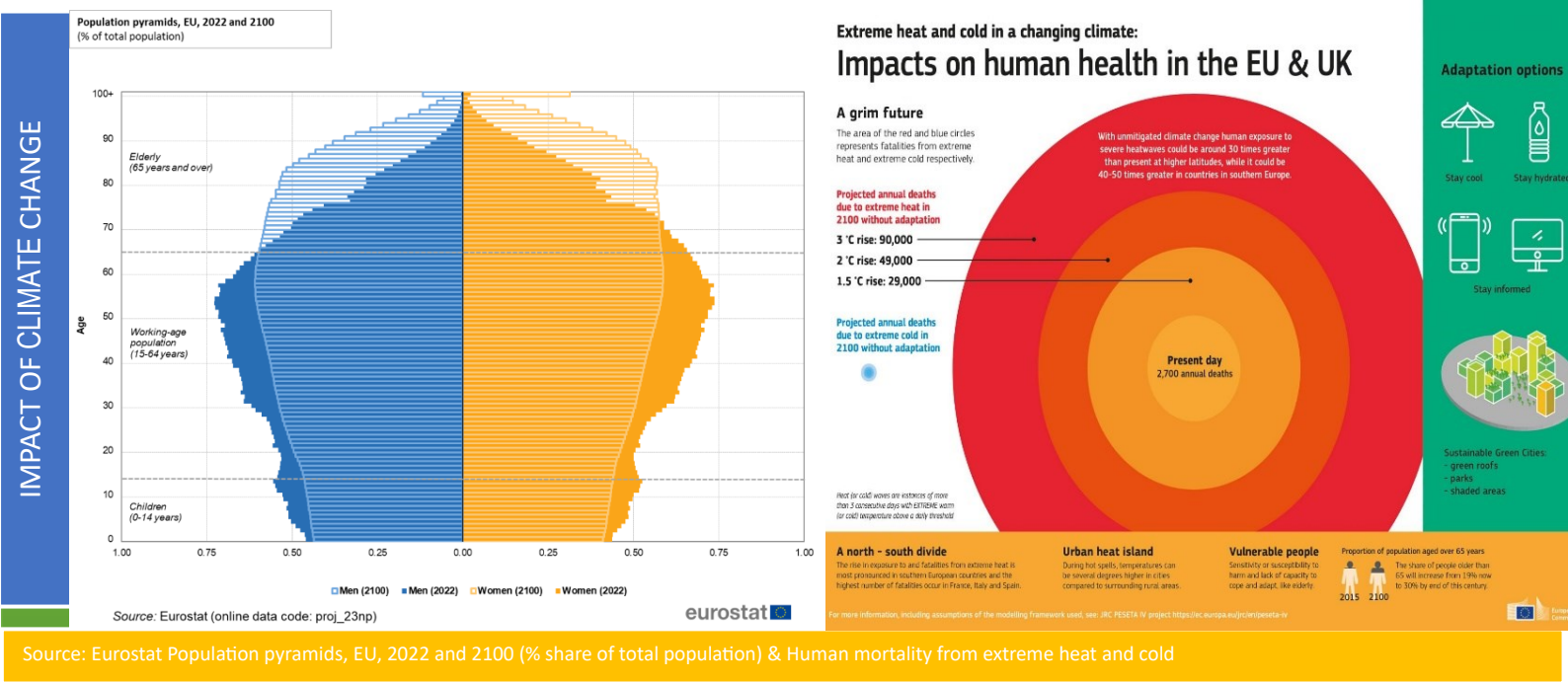


¹ COM (2019) 640 final

² COM (2022) 141 final

Why was it introduced?

While textile and apparel sector are estimated to make \$1.84 TN³ revenue globally in 2025 the implications of fast fashion on economy and environment cannot be overlooked. In Europe, the inverted relationship between clothing prices and inflation caused a decline in real saving opportunities⁴, and utility per use decreased usage of clothing by 36%⁵ over the last two decades. Rapid production, estimated to reach 145 million tonnes by 2050⁶, has eroded resources as textile and apparel are extremely water-intensive industries, have contributed 270g of CO emissions per person in 2020⁷, and 87% of its waste ends in landfills. These implications are significant because Europe’s aging population is expected to grow in the coming years and are the most vulnerable population segment to climate change⁸. As shown in the population pyramid below, the 65 years and above segments are expected to expand in 2100 when compared to 2022 demographics, whereas the working population contracts⁹. Similarly, according to Eurostat, the projected death toll rises as extreme weather rises and has also identified elderly population as the most vulnerable segment¹⁰.



Breakdown of EU Strategy for Sustainable and Circular Textiles

The EU strategy for Sustainable and Circular Textiles effectively prioritizes the goals set in the Green Deal. The table below provides context on the particular areas of interest, policy/regulatory instruments associated with it and the expected outcomes.

Policy Dimension	Context	Regulatory / Policy Instruments	Strategic Interventions and Expected Outcomes
Product Design & Lifecycle Circularity	Linear product design leads to short usage cycles. Mix blends and usage of harmful chemicals lower recyclability and higher waste generation. Product durability is under-incentivized.	Initiatives: EU Ecolabel, EU GPP Regulations: Eco-design for Sustainable Products Regulation (ESPR), REACH for chemicals Policies: Chemicals Strategy for Sustainability Revisions: Industrial Emissions Directive, Best Available Techniques (BAT) Reference Document (BREF) for the Textile Industry	Mandate durability, standards, restrictions on chemical use, outlining safe and sustainable chemicals, ethical sourcing requirements, and recyclability. Lay out eco-design requirements for specific products with attention to affordability.

³ Statista (2025) Apparel-Worldwide
⁴ COM (2022) 141 final
⁵ Ellen MacArthur Foundation (2017) A New Textiles Economy: Redesigning fashion’s future
⁶ European Environment Agency (ETC-CE Report 2023/5)
⁷ European Parliament (2020) The impact of textile production and waste on the environment
⁸ The Lancet Public Health (2024) Temperature-related mortality burden and projected change in 1368 European regions: a modelling study
⁹ Eurostat - EUROPOP2023 Figure 3 Population pyramids, EU, 2022 and 2100.png
¹⁰ Eurostat - Peseta IV - Human mortality from extreme heat and cold

Consumer Information & Market Transparency	Information asymmetry prevents informed consumer choices. Greenwashing distorts competition and misleads markets. Plastic polymers disrupt PET bottles closed loop recycling.	Revision under ESPR: Digital Product Passport Revision: Textile Labelling Regulation, EU Ecolabel criteria Initiatives: Green Claims Initiative, Empowering Consumers for the Green Transition (target Unfair Commercial Practices Directive and Consumer Rights Directive 2011/83/EU)	Ensure verified data on the product's sustainability, durability and repairability is accessible to consumers and value chain actors. Curb deceptive claims by third party verification or authentication by public authorities. Promote ecolabel adoption, fibre-to-fibre recycling and traceability.
Waste Management & Resource Efficiency	High levels of textile waste and low rates of fibre-to-fibre recycling. Significant quantities of unsold inventory destroyed. Waste often mislabelled as second-hand exports.	Revisions under ESPR: Include ban on destruction of unsold items Revision: Waste Framework Directive (establish Extended Producer Responsibility (EPR)) Regulation: Waste Shipment Regulation Study: on mandatory targets for re-use and recycling	Establish producer ownership on waste and circular end-of-life infrastructure. Fund sorting, reuse, and recycling via EPR. Prohibit destruction of unsold goods. Improve export controls and classification criteria. Include conditionality of responsible handling of waste in export destination when shipping to non-OECD countries.
Synthetic Microfibres & Pollution Control	Fast fashion and synthetic fibres contribute to microplastic pollution, particularly during washing.	Initiatives: Unintentional microplastics release Revision under ESPR: Include binding requirements for design	Promote low-shed fabrics, filter integration in washing machines, reconfiguring manufacturing processes, wastewater treatment upgrades, and sustainable detergent use. Improve water treatment and labelling.
Global Value Chain Sustainability	Most of textile goods in clothing and household consumed in EU are made abroad. Social and environmental risks in imported textiles remain high: child labour, forced labour, hazardous working conditions and unfair wages. Limited traceability.	Directive: Corporate Sustainability Due Diligence Directive (CS3D) Initiatives: Engagement with Global Alliance for Circular Economy and Resource Efficiency (GACERE), OECD, ILO Better Work, UNEP's InTex project, and Transition Pathway for the Textiles Ecosystem Regulation: Proposing ban on goods produced by forced labour, including forced child labour	Align imports with EU social and environmental standards to fix environmental and human rights violations. Encourage EU importers to mitigate risks in their global supply chain. Create a collaborative environment to accelerate sustainability. Require due diligence from EU-based buyers. Improve traceability to manage upstream risks.
Overproduction & Fast Fashion	High inventory turnover and short product lifespans undermine climate goals and resource efficiency.	Initiatives: Transition Pathway, encourage Member States to adopt favourable taxation measures to promote reparability, Sustainable Consumption Pledge Policies: Revision under EU Social Economy Action Plan to increase partnerships, EPR schemes to disincentivize volume-based sales, awareness campaigns under #ReFashionNow.	Incentivize slow fashion models, such as reuse, repair, and rental. Encourage companies to partner up with social enterprises to promote circular practices, reduce collection frequency and internalize environmental costs.
Enforcement & Market Surveillance	Weak compliance with EU standards, especially from third-country imports and online sales.	Initiatives: EU Product Compliance Network, EU Toolbox against counterfeiting, REACH4TEXTILES initiative, joint projects to increase coordination among customs, surveillance authorities, and industry.	Strengthen cross-border enforcement. Establish and promote market surveillance practices. Invest in digital infrastructure for inspections and testing.
Skills & Innovation Capacity	Low technological absorption and skill shortages hinder green transition. SMEs lack capabilities to implement circularity.	Policy: industrial technology roadmap on circularity Study: Technical, regulatory, economic and environmental effectiveness of textile fibres recycling Initiatives: EU Pact for Skills, Circular Bio-based Europe Joint Undertaking, Process4Plant (Hubs for Circularity), LIFE, and Made in Europe partnerships, European Regional Development Fund, European Green Deal Database, Manufacturing Database, Network of European Digital Innovation Hubs	Upskill workforce in design, recycling, lifecycle assessment, and repair. Fund research in bio-based and recycled fibres. Support SME modernization and digitization.
Private Capital Mobilization	Investments in circular textiles remain insufficient due to unclear taxonomy and risk-return uncertainties.	Regulation: Revision under EU Taxonomy for Sustainable Investments of including Sustainable Finance Platform technical screening criteria.	Define clear sustainability benchmarks for private finance. De-risk textile circularity projects through public-private investment instruments.

Conclusion

The European Union's Strategy for Sustainable and Circular Textiles through its implementation, underpinned by regulatory framework developed around the European Green Deal, aims to significantly reshape global textile value chains. For exporting nations, particularly those in South and Southeast Asia, this transformation presents both a challenge and an opportunity.

While it will compel supplier countries to upgrade production processes, invest in traceability systems, and comply with labour and environmental standards, this alignment may strain smaller SMEs and informal sector players who lack financial and technical capacity to adapt¹¹. These shifts can also catalyse long-term gains such as expanding a country's access to green finance, stimulate job creation in circular economy sectors, and improve resilience against environmental and trade-related shocks.

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¹¹ European Parliament (2024). The impact of EU legislation in the area of digital and green transition, particularly on SMEs