

# Textile Market – Clothing Industry Facing New Challenges

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## INTRODUCTION

Fashion has serious economic, environmental and social effects. McKinsey's Global Fashion Index states that over a hundred billion pieces of clothing are produced annually. A Greenpeace study shows that in Germany, for example, 60 new garments are bought per person per year. The production, transport and use of goods (washing, drying, ironing) cause more than 850 million tons of CO<sub>2</sub> emissions each year. In short, it is an industry that is seriously damaging the environment.

The fall in clothing prices in the last 20 years has enabled the purchase of an increasing number of garments. Analyses show that now, on average, we have five times more clothes than our grandparents had. This favourable trend in spending, however, also has its flip side of the coin: we feel great until we discover what is actually hiding behind this trend. In reality, this continuous accumulation of cheap clothes is possible only due to the constant reduction of production costs. This, in turn, has very serious consequences for our health, our planet, but also for the life and economic position of workers in the clothing and textile industry as a whole.

## FASHION SECTOR AND ECOLOGICAL APPROACH

All serious analyses show that the fashion industry contributes to the decline in the quality of life and the survival of our planet. It's hard to imagine how a sock or a T-shirt could be partly responsible for climate change. Research in recent years has determined exactly how much of this problem is actually present. The fashion sector accounts for more than 8 percent of all the impacts on the global climate - more than all international air travel and boat travel combined - and consumes 104 million tons of non-renewable resources each year. Between 2000 and 2015, the fashion industry doubled its production, from 50 billion items produced annually to 100 billion items.

Consumers are becoming aware of the pollution problem caused by fashion. A report from the Global Fashion Agenda showed that in 2019, 75 percent of consumers considered sustainability very or extremely

important. Consumers are increasingly dissatisfied with the status quo in this regard and want to advocate for a more sustainable future. At the same time, fashion is a global industry whose annual production value exceeds \$ 2.5 trillion. Its supply chains are huge and international, ranging from the production of raw materials (cotton, wool, plastic to oil) to factories where people sew clothes and warehouses where they are stored until we buy them. There are two sharply conflicting interests.

When we think of the most polluted industries in the world, we tend to focus on the obvious culprits like oil and gas. But why not the global fashion sector, which is responsible for about 8 percent of global greenhouse gas emissions? Therefore, the main question in 2020 is the following: can we start with the big, structural changes needed to build environmental governance in this huge industry?

Here are four reasons that inspire hope in occurrence of these changes:

- the changes will be beneficial for the overall business,
- brands will make greater use of best practices,
- consumers will increasingly demand changes in terms of ecology,
- the development of technology will increase production efficiency.

## **INCREASED TRANSPARENCY IS REQUIRED**

More than 60 million people work in the clothing industry worldwide, most of them in developing and emerging countries, and there are still 16-hour shifts in many manufacturing sites. All this is behind every quickly and cheaply bought T-shirt. Consumers are becoming increasingly aware that such a relationship is not sustainable. Likewise, the European Union's "Green Plan" imposes entirely new views on environmental protection, which poses new major challenges for the clothing industry.

A coalition of unions, human rights groups and labour rights advocates highlighted in a joint report that clothing and retail brands have dramatically increased the release of data on their supply chains in the last three years. Since 2016, the Coalition has been an advocate of transparency, minimum standards and supply chain transparency that allows advocates, workers and consumers to discover where certain products come from.

A report called "The Next Fashion Trend: Accelerating Supply Chain Transparency in the Clothing and Footwear Industry" describes how dozens of brands and retailers are publicly disclosing information about their supplier factories. This has become a generally accepted step towards better identification and addressing of work abuse in clothing supply chains.

Aruna Kashyap, a senior human rights adviser at Human Rights Watch emphasizes that transparency is not a 'magic cure' against labour rights violations, but that it is crucial for a job that describes itself as ethical and sustainable, and that all brands should accept transparency in the supply chain, but that, in the end, there is a need for laws that require transparency and apply crucial human rights practices.

Supplier transparency is a powerful tool that promotes corporate responsibility for apparel workers in global supply chains. The Coalition informed us that voluntary corporate action is limited. It would be more effective to enact national laws requiring companies to take due diligence of human rights in their supply chains, including, at least, public disclosure of the factories they use. Responsible business initiatives should stop making excuses for companies that want to continue to keep their supply chains opaque. Governments have an important role to play in enacting legislation that would require companies to take care of human rights in their global supply chains and be transparent about their products. Such legislation is key to creating a level playing field and protecting the rights of workers in their supply chains.

39 companies have so far complied with the transparency standard. Among them are 22 companies that are on the list of 72 companies with which the Coalition began its arduous journey. Of the total number of companies the Coalition eventually contacted, 31 of them do not meet transparency criteria and standards, and 21 of them refuse to make relevant data public.

The United States-based Fair Labor Association has taken significant steps to ensure supply chain transparency among its members. In November 2019, it issued a requirement that all brands and retailers must publicly disclose supply chain data, compliant with the Transparency Pledge standard, and make the information available in open data formats by March 31, 2022.

### **“GREEN BUTTON”**

At the end of last year, German Federal Minister of Development Gerd Müller presented the “Green Button” that should revive the old ideal of good spending. It is a state textile label that guarantees that participating companies meet 26 minimum social and environmental standards: they must guarantee minimum wages and prohibit children and forced labour. They must comply with safety and health regulations in the workplace, such as providing protective clothing against chemicals during dyeing, pause regulation, and maximum hours. What can the “Green Button” do? Not much at first, as its use is voluntary. No company is forced into the certification process.

The “Green Button” can hardly set new standards. Under stricter conditions, this could become a simple indicator for consumers on how to do something better. Researchers at the University of Bonn have found that labelling can, in fact, influence purchase decisions.

### **FUTURE OF SUSTAINABILITY IN FASHION INDUSTRY**

The C&A Foundation commissioned a special study based on the Delphi method that would reflect the perspectives in the fashion industry. This means that the study is done with a selected team of experts, but also with the aim of making the results available and usable for the sector as a whole and thus contribute to the debate on the future of sustainability in this industry. Focusing on the future of sustainability in the fashion industry, the study raises the question:

- How much change does the industry have to go through to achieve sustainability, in terms of net positive impacts on environmental recovery as well as for working conditions and poverty? Or in other words: How far are we from achieving net positive sustainability?
- What are the options for strategies aimed at achieving net positive sustainability? What barriers should be overcome?
- What are the new paths or pathways to achieving net positive sustainability in the fashion industry?

Of course, there are caveats that come with this study. As with all predictions of the future, we encounter many unknown factors. However, on the one hand, we get a well-informed view of what we can probably expect if we continue on the path we are currently on. Most of the concepts (offered by the study) are based on already existing “signals of change”. However, there are those who assume “radical implementation”. In fact, all of these concepts are estimated to be achievable by 2035, i.e. within a maximum of 16 years.

## TOP 7 CONCEPTS

At the level of assessed concepts, we single out the “top 7” concepts - those to which special attention should be paid. Those are:

- Increased global awareness: information campaigns that enable industry’s concentrated efforts to create global awareness of the need to shift the paradigm towards sustainable fashion.
- Fibre and processing innovations: new types of fibres and processing technologies enable low-energy and/or low-water use in processing, recycling and maintenance of clothing.
- Extremely detailed sustainability reporting that increases accountability.
- Worker-led initiatives: most of the fashion companies have already built in the procedures for ensuring the protection of human rights led by the workers. They are based on an industrial code of conduct on human rights, devised by the workers and aimed at the long-standing violations that industry workers experience first-hand.
- High concentration (i.e. increased collaboration): key players in the fashion industry act together either through property ownership or through formal alliances. It is easy to identify key players, and together they are able to implement sustainable solutions throughout the industry.

However, for balanced prioritization, we highlight the two leading concepts that have the greatest impact on the restoration of the natural environment, as well as on working conditions and employee poverty. These two concepts are:

- Extended manufacturer responsibility: most countries around the world apply greater manufacturer responsibility (for products intended for customers or unsold goods) by requiring fashion companies to reduce waste.
- (Living) wages in the fashion industry: wages for a fair and decent life in the fashion industry are a global standard and are overseen by local authorities and global institutions.

## CONCLUSION

The whole motivation of the fashion industry comes down to chasing the lowest possible production prices. There are still many developing economies willing to work for lower wages. Fairer wages would certainly lead to more responsible production with an increased impact on resource use. The problem is that the fashion industry has profited from the overexploitation of outsourcing work in poor countries and regions. Changes in this regard would represent a radical transformation within the industry itself.

In fact, a well-designed system, a common agreement in all the countries with cheap production, should be established. The fashion industry continues to demand the highest quality products at the lowest possible cost, and this will always be to the detriment of the workers. As long as the search for cheaper manufacturing destinations continues, there will be no great benefits from all (good) intentions. There will be no standard of transparency.