



Ensuring the sound management of chemicals and waste



**CHEMICALS &
WASTE**
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Muddling through-The Textile Industry in 2030 **Status Report on SDG 12 of the Agenda 2030**

Still no pioneering industry for sustainable development

Despite the fact that Greenpeace and other NGOs are regularly drawing attention to environmental pollution and health problems with their campaigns, especially in emerging markets, nothing has changed since the big discussions in the 2020s. In the textile industry, a reactive approach has been established with regard to dealing with problematic chemicals. There are no discernible market opportunities of proactive chemical management for the protagonists of the textile industry. Positioning in the competition of textile manufacturers and retailers remains difficult.

Due to this reactive behavior brands and retailers are still facing complex supply chains. The traceability of the materials and substances used along the supply chain is low. Obstacles to establish traceability also in the area of chemical substances proved to be too tall. This is because traceability is by itself no added value; the next step, i.e. building structures to deal with the knowledge gained and operationalizing related activities is very complex and requires a uniform industry standard. But this is a "never ending story" of the textile industry. Lengthy discussions, with little compromise, are behind them. The benefits of a uniform industry standard are considered less than the advantages of parallel individual solutions.

Hence, the textile industry is struggling with the requirements of chemicals management, as it did in 2020. Expenditures on chemicals management, including costly product analyzes, have increased and the profits have thus been slightly lower; but the effects seem not to be so serious that there is a need for action.

In addition, the advantages of this approach are the main focus for many. The supply chains are flexible and organize themselves, whereas a vertical organization of the supply chain is very complex and requires detailed knowledge. Currently, this is largely organized by the supplier (or the finishing company, Tier 1) who can supply cheap products. There is significant competition which leads to low costs, but largely without cooperation of the textile manufacturers and retailers. Against this background, there is little reason to change this organization in the supply chain.

How could the industry evolve in this way?

One reason for this development is that "Sustainable Chemistry" plays only a subordinate role for the consumer behavior. That is why for the mass of textile manufacturers and retailers "Sustainable Chemistry" is not an issue; it also plays a minor role for marketing and business models.

Today's "standard" consumer assumes, of course, that his product is free from toxic substances. Therefore, information about present chemical substances is difficult to communicate in product marketing. Customers do not sufficiently understand the context and the problem. It is not about a free-of-chemicals production, chemicals are still necessary. The difference between hazardous and required chemistry, though, is difficult to transport in simple messages. Respective messages risk that consumers may become insecure. Likewise, substitution is not easy to communicate. Besides, consumers are not easily convinced of substitution, especially when higher prices are involved.

From an operative perspective, a more "Sustainable Chemistry" is a marketing issue for a specific customer segment only. In this niche some brands have already positioned themselves in the 20s. But the low market demand for more sustainable production coupled with higher product prices keeps the number of those in this niche low. Looking back, "Sustainable Chemistry" is not a marketing issue for the broad mass of textile manufacturers and traders. As a result, business models have changed little since the 20s. The suppliers remain in Asia (or comparable low-wage countries), the broad masses of textile manufacturers and retailers evaluate the cost advantage as a priority. Accordingly, the "chemical safety standard" has also only slightly moved upwards. The issue of chemicals is only a hygienic factor for the consumer. Therefore, it does not lead to the possibility of differentiation in competition.

On the whole, despite the detox commitment in the past few years, there has been no strong impetus for the brands to change their business models. The customer remains price-sensitive and does not reward the efforts adequately. Individual attempts to establish such product lines failed. Incentives were and are missing for a fundamental restructuring of business models and the supply chain, and thus a driving force that actively removes hazardous substances from the textile production is missing, too. Outsourcing with the goal of "low-cost production" is therefore still the predominant business model of the textile industry.

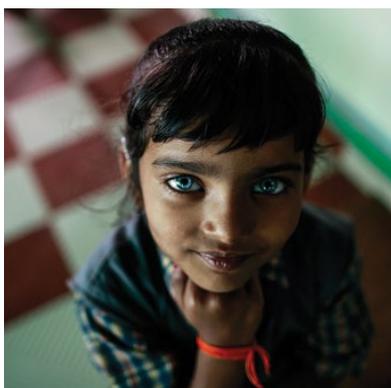
Have the problems swapped since the beginning of the century?

The production sites in the supplier countries are still a major problem. Governments in these countries adopt regulations only at a low level and / or do not ensure adequate enforcement. For the time being, the "textile caravan" continues to move on as costs increase in the production countries. As a result, these countries would be disadvantaged in international competition by stricter laws. The legislation of the industrialized countries has little influence on this constellation.

Other normative impulse came from declined information rights and information requirements. The reason for this was the revision process of REACH 2019 where the reference in Article 33 of REACH was specified (complex article instead of components of an article).

In this current overall constellation, there is still a lack of economic and legislative incentives to expand knowledge on the substances used in production. It is very complex to build up and use respective processes in the global textile supply chain. However, as long as this does not happen, it is difficult to actively manage problematic chemicals. This in turn means that there is not enough demand for alternatives or substitution products, or these reach the supply chain too late. Thus no pull is created for innovations other than special applications. To this extent, the textile industry still faces the same problems as it did in 2020. Although steady improvements have to be acknowledged, these remain inhomogeneous and rather gradual; there is no fundamental reorientation.

**STRATEGIC
APPROACH
TO INTERNATIONAL
CHEMICALS MANAGEMENT:
184 PROJECTS
APPROVED IN 108 COUNTRIES
UNDER QUICK START
PROGRAMME**



So how does the textile industry manage to meet the societal requirements in the industrialized countries?

There is an NGO-driven progress built on scandals. This "certain pressure" ensures that problematic chemicals are kept at a low level. Against the background of persistently heterogeneous interests, individual solutions and smaller cooperation schemes are predominant. A large number of cooperation concepts with partly very different strategies stand side by side. It is true that attempts are being made to establish certain common minimum standards, but respective discussions are lengthy and involve little compromise. Holding on brand-specific solutions appears being the obvious solution; the use of uniform industry standards is considered to be low. Rather, it is assumed that uniform standards create additional costs and further level the already low potential for differentiation.

Although production costs have remained low, overall costs have risen and profits have fallen. At present, the costs are mainly incurred in the company's own business operation through various third party services such as sewage tests, training modules, product analyzes, etc. However, there is hardly any planning certainty about future costs because the approach is reactive and not systematic. Calculations are made per article and are therefore short-term oriented. There is no long-term total cost planning taking into account cost savings resulting from cooperative and unified chemical management (such as joint test, audit, and training activities).

The pressure is not enough to agree on common strategies or a common standard for the textile industry. Instead, the current framework conditions lead to individual solutions and a low degree of compromise. Everyone has their own proposal with their own conviction. The external pressure is not yet strong enough to make individual solutions less successful and in turn support a common approach. Ultimately, the initial threshold for a systemic change is not yet overcome - the synergy effects remain unused.