

Recommendations for engagement with third-country actors on the ESPR Delegated Act for Textile Apparel

The Fair Trade Movement's proposals for prioritising smallholder farmers, artisans and workers in the impact assessment and support measures of the Delegated Act on Textile Apparel

May 2026



This publication is an initiative of the Fair Trade Advocacy Office (FTAO) and has been endorsed by the World Fair Trade Organization–Europe (WFTO-E) and Fairtrade International.

Contributors and acknowledgements

We are grateful for the valuable insights and contributions of Alicia Urios Gracia and Ioana Betieanu, Organic Cotton Accelerator; Anm Ata Ullah, Mapped in Bangladesh; Dr Hazem Fouda; Dr Richa Saxena, KOSH-Treasure of Khadi; Eloisa Artuso; the Fairtrade NAPP cotton product network and Advocacy Working Group members; Isabella Luglio; Saqib Sohail; Tamar Hoek, Solidaridad; Tara Scally; Luca Boniolo, ECOS.

Contact

For more information, please reach out to our Senior Policy and Project Coordinator, Alena Kahle at kahle@fairtrade-advocacy.org.

Contents

- 1. Introduction 4**
- 2. Who is affected and why the Commission must include them 5**
 - 2.1 Geographic scope 6
 - 2.2 Smallholder farmers..... 7
 - 2.3 Craft industry and artisans 11
 - 2.4 Workers 14
 - 2.5 SMEs, upstream suppliers and social economy businesses 16
 - 2.6 Summary 18
- 3. How to engage third-country actors 20**
 - 3.1 Use targeted and context-specific outreach 21
 - 3.2 Prioritise in-person engagement through EU Delegations 21
 - 3.3 Facilitate dialogue between supply chain tiers and across producing countries 21
 - 3.4 Work through trusted intermediaries, including public institutions where appropriate..... 22
 - 3.5 Reduce barriers to participation..... 22
 - 3.6 Protect the security of participants, especially workers..... 23
- 4. Support measures for third-country actors 23**
 - 4.1 Legal and policy basis 24
 - 4.2 Financial support 27
 - 4.3 Technical support..... 28
 - 4.4 Other support for inclusive implementation 30

1. Introduction

The Ecodesign for Sustainable Products Regulation (ESPR) is an unprecedented piece of legislation, aiming to transform how products are designed, produced and required to perform by banning the least sustainable products from the EU market.¹ Under the ESPR, the European Commission will issue a delegated act on textile products setting minimum performance criteria and information requirements, expected to start applying in 2029.² The Fair Trade Advocacy Office (FTAO) is committed to strengthening this legislation during the design and implementation of the textiles delegated act, in order to contribute to a fashion industry that is good for both planet and people.

Because the delegated act will apply to all textile products placed on the EU market, it will shape business practices across global textile value chains. Producers wishing to continue exporting to the EU will need to meet the sustainability criteria laid down in the ESPR regardless of where they are located. For smaller operators in particular, this has significant implications for their livelihoods and market access.

As the textile sector transitions towards greater sustainability under the ESPR, it is essential that this transition is also just: the people and communities affected across global value chains, especially workers, smallholder farmers, artisans and micro, small and medium enterprises (MSMEs), should not bear disproportionate costs but should be supported in the shift. Further, they should be meaningfully involved in the development of the legislation.

This paper provides recommendations concerning how the European Commission should engage third-country actors in both the development and implementation of the ESPR textiles delegated act. Meaningful consultation with affected third-country actors is necessary both to assess likely impacts as part of policy development and to ensure that implementation measures, including support for non-EU SMEs, are realistic, accessible and effective in practice.

The paper argues that if the Commission wants the ESPR textiles delegated act to be effective and fair, engagement cannot be limited to EU-based stakeholders. For the delegated act to be effective and fair, this requires, first, that the impact assessment is designed with the right methodology and engages smallholder farmers and their cooperatives, the craft industry and artisans, workers, social economy businesses, and other relevant stakeholders; second, that it specifically and meaningfully assesses the impact on smallholder farmers, artisans and workers; and third, that implementation support is co-designed with the actors it is meant to serve, including those outside the EU.

The paper is structured as follows:

- Section 2 identifies the third-country actors the Commission should engage with, explains why each group must be assessed as distinct, and sets out what this means for the problem definition of the impact assessment, including a summary mapping of the relevant Better Regulation Toolbox tools to each actor group.

¹ [Regulation \(EU\) 2024/1781](#) of the European Parliament and of the Council of 13 June 2024 establishing a framework for the setting of ecodesign requirements for sustainable products

² European Commission (2025), [Ecodesign for Sustainable Products and Energy Labelling Working Plan 2025-2030](#)

- Section 3 provides recommendations on how to meaningfully engage third-country actors in consultation.
- Section 4 addresses what implementation support for non-EU SMEs, artisans and farmer cooperatives should look like in practice, rooting them with the ESPR legal text as a basis.

2. Who is affected and why the Commission must include them

The Commission's 2026 recent Communication on Better Regulation sets out that any impact assessment shall be based on a "matrix of key impacts" set out at the outset.³ This paper supports in identifying the key impacts that should be examined. The Better Regulation Toolbox further specifies that *"the impact of a measure under the various policy options should be examined also in relation to third country producers"*.⁴ The ESPR's own legal text also requires that delegated acts "include an assessment of the international dimension and impacts on third countries".⁵ Further, the JRC study that forms the evidentiary basis for the impact assessment notes that particular attention should be paid to manufacturers' profiles, with a comparison of production cost structures between EU and third-country manufacturers.⁶ While this study itself does not mention smallholder farmers, and refers to third-country companies without distinguishing between the different types of actors operating across global textile supply chains, the Better Regulation Toolbox states:

- that *"relevant distributional effects and cumulative burdens on particular individuals or groups should also be assessed and considered"*⁷
- that an impact assessment is required not only for proposals with far-reaching economy-wide impacts, but also for those *"likely to have a significant impact on a particular economic sector or type of economic actor"*.⁸ As the ESPR delegated act for textile apparel will set binding requirements for every textile apparel product placed on the EU market, it most certainly will be a far-reaching proposal.

Tools 27 and 35 of the Toolbox set out specific questions for assessing impacts on third countries, including whether a measure imposes adjustment costs on third-country actors and whether there are employment and income impacts in non-member states.⁹ Applying these requirements to the ESPR textiles delegated act means examining impacts not on "third-country producers" as a generic category, but on the distinct groups of actors who will be affected in practice.

³ European Commission (2026), [A Simpler, Clearer and Better Enforced EU Rulebook](#)

⁴ Joint Research Centre (2026), [Method for the integration of the support to ESPR impact assessments within the evaluation process of products, including international trade aspects and the impact of measures on third countries](#), p. 34

⁵ Recital 22, [Regulation \(EU\) 2024/1781](#)

⁶ Joint Research Centre (2026), [Method for the integration of the support to ESPR impact assessments within the evaluation process of products, including international trade aspects and the impact of measures on third countries](#), p. 69

⁷ European Commission (2025), [Better Regulation Guidelines](#), p. 34

⁸ European Commission (2025), [Better Regulation Toolbox](#), p. 43

⁹ European Commission (2025), [Better Regulation Toolbox](#), Tools 27 and 35

The subsections below set out which actor groups the Commission should assess separately, and why each group faces a distinct set of impacts.

2.1 Geographic scope

The impact assessment should assess impacts on third-country actors across all continents supplying garments and intermediate products to the EU, not only those countries with the largest trade flows. Limiting the assessment to countries with the highest volume of textile exports to the EU would exclude actors who will nonetheless be materially affected by the delegated act, and would produce an incomplete picture of supply chain impacts.

As the ESPR textiles delegated act will set requirements for all textile products placed on the EU market, it will have significant impacts across supply chains and on suppliers outside the EU. Trade realities mean that textiles policy does not have a uniform impact on all actors outside the EU.¹⁰ Further, while some countries may overall export a certain percentage of their overall textiles production to the EU, this figure may vary for sub-sectors; for instance, exports to the EU for (for example) t-shirt production and for sock production may differ significantly. In countries, sectors and sub-sectors where the EU is a major trading partner, impacts will be more extensive than where the EU is a minor trading partner.¹¹ That being said, evidence shows that EU policy changes do impact actors with a minority share of exports to the EU.¹² Research on commodities where European buyers form part of a broader group of importers alongside Latin American, Asian and African buyers shows that even from this “minority buying position”, European purchasing can substantively influence sustainability standard-setting and regulation in third countries¹³ This is illustrated by two examples:

- The Egyptian Cotton Traceability Programme has been developed explicitly in response to EU legislative requirements increasing¹⁴, despite the fact that only around 30% of Egypt's textile exports go to the EU, while 47% go to the US.¹⁵
- Similarly, although the EU accounts for only an estimated 31% of India's textile exports¹⁶, the Indian government has stated that its aim is to ensure that "Made in India" apparel complies with EU regulations.¹⁷

¹⁰ Katalyst Initiative (2023), [Building blocks for governing the garment industry: Working Paper 3 Trade Realities: Using trade data to strengthen the design of supply chain governance](#)

¹¹ Katalyst Initiative (2023), [Building blocks for governing the garment industry: Working Paper 3 Trade Realities: Using trade data to strengthen the design of supply chain governance](#)

¹² Bradford (2019), *The Brussels Effect: How the European Union Rules the World*, Oxford University Press

¹³ Langford, N. J., & Fransen, L. (2022), [Building legitimacy in an era of polycentric trade: The case of transnational sustainability governance](#), *Politics and Governance* 10(3)

¹⁴ UNIDO (n.d.), [The Egypt Cotton Project](#)

¹⁵ Katalyst Initiative (2023), [Building blocks for governing the garment industry: Working Paper 3 Trade Realities: Using trade data to strengthen the design of supply chain governance](#), p. 6

¹⁶ Katalyst Initiative (2023), [Building blocks for governing the garment industry: Working Paper 3 Trade Realities: Using trade data to strengthen the design of supply chain governance](#), p. 6

¹⁷ Fashion United (2026), [Tex-Eco Initiative: future-proofing Indian textile and garment exporters for global ESG compliance](#)

The impact on actors, especially smallholder farmers, artisans and workers, across all continents supplying garments and intermediate products such as cotton, wool, and other fibres, should therefore be assessed.

2.2 Smallholder farmers

Smallholder farmers supply natural fibres that are essential inputs for the global textile sector. Smallholder farmers are farmers who conduct independently an agricultural activity on their land, whose production is primarily family-managed and serves as the main source of household livelihood, and who are not employed by a company, except for a cooperative – or comparable producer organisation – of which they are member with other smallholders, provided that such an organisation is not controlled by a third party.¹⁸ Smallholders manage areas varying from less than one hectare to 10 hectares which is managed at family level; as per the UN Food and Agriculture Organization (FAO), a farmer with less than 10 hectares of land qualifies as a “smallholder”.¹⁹

For many smallholder farming households in Africa, Asia and Latin America, food crop cultivation and livestock farming are central to survival, but fibres such as cotton, wool, silk, hemp, jute, abaca and sisal often represent their primary source of cash income.²⁰ Natural fibres are frequently used as cash crops for loans that provide farmers with access to agricultural inputs such as fertilisers, pesticides and seeds, which they might otherwise not be able to afford.

The scale of smallholder involvement is significant:

- Smallholder farmers produce over 75% of the world's total cotton;²¹
- Approximately 250 million smallholder farmers worldwide depend on cotton for their income, farming on average less than 2 hectares of land;²²

The scale of EU textile supply chains' dependence on smallholder agriculture is significant. In 2018, the EU imported approximately €852 million in cotton from outside the EU. Given that smallholder farmers produce roughly three quarters of the world's cotton, approximately €639 million worth of these cotton imports can be estimated to originate from smallholder farmers. This only refers to imports of cotton as a raw material. When including also finished products, the EU imported approximately €5.2 billion worth of cotton, cotton yarn and cotton fabrics in 2018. This does not yet take into account the many other types of natural fibres that are cultivated by smallholders.

Why the Commission must assess this group

Despite this, the JRC preparatory study does not mention smallholder farmers.²³ This is a significant gap given the Commission's legal obligations. Article 21(2)(d) of the Treaty on

¹⁸ Food and Agriculture Organization of the United Nations (2013), [Smallholders and family farmers](#)

¹⁹ Food and Agriculture Organization of the United Nations (2013), [Smallholders and family farmers](#)

²⁰ Cotton Research and Development Corporation. Kassatly, V.B. Townsend, T. (2024) [European Union Ecodesign for Sustainable Products Regulation](#)

²¹ FTAO (2025), [The cost of exclusion: How leaving smallholder farmers behind could disrupt global and EU markets](#)

²² UNIDO (2023), [World Cotton Day 2023](#)

²³ Joint Research Centre (2025), [Working document of the 3rd milestone](#)

European Union requires the EU to "*foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty.*"²⁴ The JRC's own methodology document states that following Tool 11, the issues to be covered in an impact assessment include which SDGs are at stake.²⁵ In this context, UN Sustainable Development Goal 2.3 sets a target to double the agricultural productivity and incomes of small-scale food producers by 2030.²⁶ Smallholder farmers who grow both natural fibres and food crops fall squarely within the scope of this target, and the delegated act should be designed to support rather than undermine their ability to access markets.

The Better Regulation Toolbox identifies several assessment tools that are directly relevant to smallholder farmers.²⁷ Applying these tools to this group leads to the following questions, which the impact assessment should answer:

- Tools 27 and 35 require the assessment to examine whether a measure imposes adjustment costs on third-country actors and whether there are employment and income impacts in non-member states.
- Tool 30 requires the assessment to examine whether a policy option affects people's incomes and poverty rates, and whether it affects inequalities and the distribution of incomes.
- Tool 36 requires the assessment to examine whether a policy option leads to a change in land use or in the type of economic activity linked to land, and whether the policy option affects adaptation to climate change.

Background related to Tools 27, 35 and 36

While smallholder farmers are rarely directly addressed by EU regulations, they nonetheless receive requirements passed down through contractual arrangements and information requests from buyers.²⁸ They must meet these requirements in order to retain market access and, with it, their livelihoods. Many are already investing in climate-adaptive practices in response to increasing water stress, variable rainy seasons and disrupted planting and harvesting cycles, all of which affect production volumes and household earnings.²⁹ The assessment should therefore examine pathways through which the delegated act could actively support smallholders' climate resilience, for example, by recognising and rewarding existing climate-adaptive farming practices through the performance criteria. The risk to avoid is that the administrative and financial costs of compliance instead divert limited capital away from these essential climate adaptation investments, compounding rather than alleviating the pressures smallholder farmers already face.

²⁴ [Treaty on European Union](#), Chapter 1, Article 21(2)(d)

²⁵ Joint Research Centre (2026), [Method for the integration of the support to ESPR impact assessments within the evaluation process of products, including international trade aspects and the impact of measures on third countries](#), p. 28

²⁶ Food and Agriculture Organization of the United Nations (n.d.) [Target 2.3](#)

²⁷ European Commission (2026), [Better Regulation Toolbox](#)

²⁸ Responsible Contracting Project (2023), [Core Principles of Responsible Contracting](#)

²⁹ Cotton Research and Development Corporation (2024), [European Union Ecodesign for Sustainable Products Regulation](#);

Background related to Tool 30

Cotton income often represents a substantial share of total household earnings: in Maharashtra, India, for example, cotton is estimated to contribute approximately 79% of total smallholder household earnings.³⁰ Research consistently shows that most smallholder cotton farmers do not receive a living income, meaning they cannot cover their essential costs of living.³¹ The right to an adequate living income is recognised in the Corporate Sustainability Due Diligence Directive (CSDDD) as derived from Articles 7 and 11 of the International Covenant on Economic, Social and Cultural Rights.³² The assessment should therefore examine whether the delegated act risks widening this gap, for instance through increased compliance costs or reduced fibre demand, or whether it can be designed to support smallholder farmers in improving their situation. For any analysis of earnings impacts, the appropriate benchmark is the "living income", defined as the net annual income required for a household in a particular place to afford a decent standard of living, including food, shelter, healthcare, education, transport, clothing and provision for unexpected events.³³

Background related to Tool 36

A specific methodological concern also arises in relation to the Product Environmental Footprint Category Rules (PEFCR), currently proposed in the preparatory study to calculate the environmental impact of textile products.³⁴ The European Parliament noted in 2024 that "for some product groups, the PEF method is not suitable for providing a holistic environmental assessment."³⁵ The PEFCR does not apply the same system boundaries to natural and synthetic fibres, which means it does not adequately capture the positive environmental contributions of sustainably sourced natural fibres.³⁶ When cultivated sustainably, these can have a positive impact on soil health, biodiversity and carbon sequestration.³⁷ Smallholder farmers are in many cases at the forefront of the sustainable cultivation practices the ESPR seeks to promote³⁸: A disproportionate share of the world's organic, agroecological and Fairtrade-certified cotton is produced by smallholders, and many smallholders adopt integrated pest management, regenerative approaches, intercropping and rotational systems that reduce synthetic input use, build soil organic matter, support on-farm biodiversity and contribute to carbon sequestration.³⁹ Organic cotton in particular has distinct environmental characteristics that warrant explicit

³⁰ Better Cotton (2025), [Better Cotton Living Income Project: Insights from India](#)

³¹ Better Cotton (2025), [Better Cotton Living Income Project: Insights from India](#)

³² [Corporate Sustainability Due Diligence Directive](#) (Directive (EU) 2024/1760), Annex 1(6)

³³ Further explanation on living income, benchmarks and how it is calculated available at FTAO and Sustainable Food Lab (2022), [The Role of Governments in Enabling Living Income in Global Agricultural Value Chains](#).

³⁴ Joint Research Centre (2025), [Working document of the 3rd milestone](#)

³⁵ European Parliament (2024), [P9_TA\(2024\)0131 Substantiation and communication of explicit environmental claims \(Green Claims Directive\)](#).

³⁶ Make the Label Count (2022), [Delivering EU Environmental Policy Through Fair Comparisons of Natural and Synthetic Fibre Textiles in PEF](#); European Environmental Bureau (2022), [Open letter on concerns about the PEF methodology and its application to apparel and footwear products](#); Bricmont et al. (2026), [Inclusion of Sustainably Sourced Renewable Materials in Ecodesign for Textile Apparel](#)

³⁷ Bricmont et al. (2026), [Inclusion of Sustainably Sourced Renewable Materials in Ecodesign for Textile Apparel](#)

³⁸ Solidaridad (2026), [Cotton vs Polyester](#)

³⁹ FTAO (2025), [What the EU's Ecodesign for Sustainable Products Regulation needs to focus on to ensure positive impact for smallholder farmers and artisans in the textile sector](#)

recognition in the impact assessment.⁴⁰ Its contributions are directly relevant to the ESPR's environmental objectives. However, they are largely invisible in conventional environmental footprint methodologies, which apply industry-average data that erases the difference between organic and conventional production (see further section 4.3.2).

Similarly, the PEFCR methodology also fails to account for the socio-economic contributions of natural fibres to rural livelihoods and food security, as opposed to other LCA methodologies that incorporate an LCA+ or SCLA approach.⁴¹ Proposals for improving the methodology exist, including alternative LCA-based approaches that go beyond standard PEF system boundaries to capture context-specific impacts.⁴² In practice, some brands have already substituted natural fibres with synthetic alternatives with the intention to improve their environmental footprint scores; of 50 brands surveyed by Changing Markets, half indicated that they plan to increase their use of polyester, citing that this is incentivised by EU policy.⁴³ Where this substitution occurs, it directly reduces demand for smallholder-produced natural fibres, with direct consequences for their incomes. The Commission should examine whether the methodology it adopts is adequate before performance criteria are set, rather than after.

Impacts the assessment should examine

The impact assessment should examine the following questions in relation to smallholder farmers:

- Whether the delegated act allows recycled materials and sustainably sourced natural fibres to grow side by side as complementary parts of the same strategy, and whether any rules around minimum recycled content are set in a way that does not hold back the parallel growth of sustainably produced natural fibres.
- How smallholder farmers would be affected both directly by any requirements related to raw material sourcing, and indirectly by requirements at the manufacturing stage, including through compliance demands passed down contractually from buyers.
- What the implications of the delegated act would be for the living income gap of smallholder farming households. In this assessment, living income should be used as the reference point, as enshrined as a protected right in the CSDDD.
- Whether the delegated act supports or undermines climate resilience, for instance by recognising climate-adaptive farming practices and by either diverting capital towards or away from climate adaptation investments that smallholder farmers are already making in response to water stress, variable rainfall and disrupted growing seasons.

⁴⁰ Organic Cotton Accelerator (2025), [The Case for Organic Cotton](#); Fairtrade India, Global Agrisystem, Centre for Social Markets (2024), [Evaluating Environmental Impact of Fairtrade Certified Cotton in India](#); Mehmeti, A. et al. (2024), [Sustainability, Performance and Sustainability of Organic and Conventional Cotton Farming Systems in Egypt: An Environmental and Energy Assessment](#).

⁴¹ Jorgensen et al. (2008), [Methodologies for a social life cycle assessment](#), *The International Journal of Life Cycle Assessment*; Textile Exchange (2026), [What is "LCA+" and how is it implemented?](#);

⁴² Textile Exchange (2026), [What is "LCA+" and how is it implemented?](#)

⁴³ Lawler (2024), [Survey warns EU initiative 'encourages brands to choose synthetic'](#)

- Whether the impact assessment and the methodologies underpinning it adequately capture the environmental contributions of sustainable smallholder practices (including organic cultivation, integrated pest management, agroecological and regenerative approaches) and differentiate these from conventional production.

2.3 Craft industry and artisans

The ESPR explicitly recognises the craft industry as a distinct stakeholder that should be represented in the Ecodesign Forum, alongside industry, social enterprises, trade unions and consumer organisations.⁴⁴ Yet the JRC preparatory study that forms the evidentiary basis for the impact assessment does not treat the craft industry as a distinct actor group.⁴⁵ This gap needs to be addressed. UNESCO and the International Trade Centre define craft or artisanal products as those

*"produced by artisans, either completely by hand or with the help of hand-tools or even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. The special nature of artisanal products derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, religiously and socially symbolic and significant"*⁴⁶

This definition matters for the impact assessment because it establishes that artisanal production is not simply a smaller version of conventional manufacturing, but a structurally different production model, with different resource inputs, different environmental footprints, and a different relationship to cultural heritage. Artisanal production frequently takes place in home-based or informal settings, often involving women working around care responsibilities.⁴⁷ The definition of artisanal production should also be understood to begin at the farm level. Traditional practices such as hand-spinning cotton or processing indigenous wool involve the same labour-intensive, low-input characteristics that distinguish artisanal production from industrial manufacturing.⁴⁸ Standard compliance frameworks, including documentation, traceability and data collection requirements, are rarely designed with these working arrangements in mind, and the assessment should examine the impact the delegated act would have on these supply chain actors.

Artisans contribute to supply chains of a wide range of businesses, including social enterprises and large luxury brands.⁴⁹ Their production model often has inherent sustainability advantages: Small-scale operations tend to use fewer resources and less energy, and generate less waste than conventional manufacturing.⁵⁰ Traditional artisanal techniques such as khadi production, for example, involve significant reductions in water

⁴⁴ [Regulation \(EU\) 2024/1781](#), Recital 52

⁴⁵ Joint Research Centre (2025), [Working document of the 3rd milestone](#)

⁴⁶ UNESCO (1997), [Craft or artisanal products](#)

⁴⁷ Dana et al. (2021), *Artisan and Handicraft Entrepreneurs*, Springer

⁴⁸ ILO (2019), [The Future of Work in Textiles, Clothing, Leather and Footwear](#); UNCTAD (2022), [Creative Economy Outlook](#); Singh & Singh (2025), [Traditional embroidery revival for sustainability: a systematic literature review and bibliometric analysis](#), Discover Sustainability

⁴⁹ Singh & Singh (2025), [Traditional embroidery revival for sustainability: a systematic literature review and bibliometric analysis](#), Discover Sustainability; UNCTAD (2022), [Creative Economy Outlook](#);

⁵⁰ ILO (2019), [The Future of Work in Textiles, Clothing, Leather and Footwear](#); UNCTAD (2022), [Creative Economy Outlook](#)

and energy use compared to industrial alternatives.⁵¹ These practices represent exactly the kind of low-impact production model that Ecodesign policy should support.

Why the Commission must assess this group

The JRC preparatory study does not address the craft industry as a distinct actor group.⁵² This is a gap that the impact assessment must address. The Better Regulation Toolbox identifies several assessment tools that are directly relevant to artisans:⁵³

- Tool 31 requires the assessment to examine whether a proposal has an impact on the preservation of cultural heritage. Artisanal textile production is by definition culturally embedded. Many artisanal techniques are expressions of living cultural heritage, passed down across generations and tied to specific communities and geographic origins. A key question is whether Ecodesign requirements risk disrupting or displacing these practices.
- Tools 21 to 25 require the assessment to examine whether a measure will impose additional costs on businesses, affect access to finance, affect the cost or availability of essential inputs, or lead to certain products being withdrawn from the market. These questions apply directly to artisans, who typically operate with limited financial and administrative capacity.
- Tool 27 requires the assessment to examine whether a measure results in de facto discrimination of third-country goods and companies. When information or performance requirements are designed with artisanal production realities in mind, they enable artisans to demonstrate compliance and remain part of EU value chains on the strength of their genuinely lower-impact production methods. This would avoid requirements being designed exclusively around conventional industrial production models, in which case they would become impossible or disproportionately costly for artisans to meet.

The Commission has also stated that it will conduct a specific check on the impact of the textiles criteria on SMEs.⁵⁴ It is important that this check explicitly includes artisans and social enterprises and does not treat all SMEs as homogenous. Artisans face a distinct set of challenges that differ from those of other small businesses in the sector. Identifying and targeting support for artisans is administratively feasible: For example, India's national artisan registration system, which issues artisan ID cards to registered craft producers, demonstrates that this group can be identified through existing administrative mechanisms.⁵⁵

⁵¹ Gupta, S. et al. (2021), Indian Journal of History of Science. [An assessment of environment friendly methods of khadi manufacturing](#)

⁵² Joint Research Centre (2025), [Working document of the 3rd milestone](#)

⁵³ European Commission (2025), [Better Regulation Toolbox](#)

⁵⁴ Joint Research Centre (2026), [Method for the integration of the support to ESPR impact assessments within the evaluation process of products, including international trade aspects and the impact of measures on third countries](#)

⁵⁵ Government of India (2023), [PEHCHAN scheme to provide new identity to handicraft artisans and help them avail benefits of various schemes](#); Development Commissioner (Handicrafts) (2022), [Registration for Handicraft Artisans](#)

Impacts the assessment should examine

The impact assessment should examine the following questions in relation to the craft industry:

- Whether information or performance requirements at the manufacturing stage can be designed to be applicable to artisanal production models, and whether the systems foreseen by the delegated act are flexible enough to enable artisans to participate. The risk to avoid is that requirements built solely around industrial-scale operations leave artisans (who often have limited financial and technical capacity to conduct detailed environmental footprint calculations) unable to demonstrate compliance.
- Whether the Ecodesign criteria, which are calibrated to high-volume industrial production models, are workable for demand-driven, low-volume artisanal production.⁵⁶ Research cited by the JRC shows that environmental pressures in textiles are primarily driven by volume rather than marginal efficiency gains, meaning that smaller-scale systems inherently exert lower absolute environmental pressure even when not technologically optimised.⁵⁷ Requirements calibrated to industrial scale may therefore impose disproportionate fixed compliance costs on artisans without delivering proportionate environmental benefits.
- Whether the secondary datasets that the Commission intends to provide to support environmental footprint calculations are applicable to artisanal production, so that adapted datasets and tailored support tools enable artisans (many of whom already use lower-impact production methods) to demonstrate their environmental performance on the same footing as larger industrial producers. The risk to avoid is that artisans are left to calculate their own environmental footprint without support while larger conventional producers benefit from Commission-provided tools, creating an asymmetry that disadvantages precisely those producers with better environmental practices.
- Whether the methodology used to calculate environmental impacts can be designed to reflect the best practices of artisans and social enterprises, ensuring that producers with genuinely lower-impact production models are properly recognised by the performance criteria.

To address these gaps, the Commission should ensure that the impact assessment examines whether adapted secondary datasets, simplified reporting tools, or other tailored measures are needed to enable artisans to demonstrate compliance with performance criteria. Training and technical support for accurate environmental footprint calculations should also be considered, so that artisans are able to accurately reflect their practices in any required calculations.

⁵⁶ The preparatory study by the JRC examines base case and best available technology in order to assess design options. Artisanal production is not examined in the JRC's preparatory study.

⁵⁷ European Commission Joint Research Centre, Environmental Footprint Category Rules for Apparel and Footwear, 2021, p. 18.

2.4 Workers

Workers are the people who will execute the more sustainable production practices that the ESPR textiles delegated act seeks to promote. Their working conditions are therefore directly relevant to whether the policy achieves its objectives in practice. The transition to more circular production models is an opportunity to design decent work into emerging segments of the sector from the outset, particularly for workers who are currently in a disadvantaged position in the labour market.⁵⁸

Workers in informal sectors, including women and migrants, who face limited labour protections, tend to be disproportionately present in downstream areas of the value chain expected to grow within a more circular economy, such as recycling, sorting and logistics.⁵⁹ If the expansion of these roles is not accompanied by adequate labour protections, there is a significant risk of reinforcing existing problems in these segments of the sector, including low pay, long working hours and harassment. The textile sector is also characterised by unfair trading practices that directly affect working conditions upstream in supply chains. The Better Buying Index 2025 found that only 43.2% of suppliers indicate that their buyers pay prices that cover the costs of production, a figure that has declined compared to the previous year.⁶⁰ The same report notes:

"when buyers employ high-pressure negotiation strategies, suppliers are forced to accept orders without reflecting cost increases, leading to distortions in production processes and increasing the risk of labor noncompliances [sic.] and poor working conditions".⁶¹

This dynamic is directly relevant to the ESPR: When compliance costs associated with more sustainable production are shared fairly across the supply chain, the transition can be implemented without eroding wages or working conditions at supplier level. Conversely, if costs are instead absorbed by suppliers, this would have serious consequences for the workers employed by them. The assessment should also consider homeworkers, who occupy a grey area between formal and informal production and are often absent from standard compliance frameworks.⁶² Where performance or information requirements are calibrated to industrial or factory settings, they may in practice be unworkable for decentralised or home-based production, leading to exclusionary effects for workers who are nonetheless part of established supply chains.⁶³ This is a compliance and market access question relevant to the ESPR, even if the regulation does not address social conditions directly.

Why the Commission must assess this group

The Better Regulation Toolbox identifies assessment tools that are directly relevant to workers in textile supply chains:⁶⁴

⁵⁸ Clean Clothes Campaign (2026), [Fashioning a Just Transition Manifesto](#)

⁵⁹ BSR (2021), [Keeping Workers in the Loop](#)

⁶⁰ Cascale (2025), [Better Buying Purchasing Practices Index Report \(BBPPI\) 2025](#)

⁶¹ Cascale (2025), [Better Buying Purchasing Practices Index Report \(BBPPI\) 2025](#), p. 18

⁶² WIEGO (2021), [Home-based workers in the world: A statistical profile](#)

⁶³ Malik et al. (2024), [A systematic literature review on home-based businesses: two decades of research](#), *Journal of Family Business Management*

⁶⁴ European Commission (2025), [Better Regulation Toolbox](#)

- Tool 30 examines whether a policy option affects wages, labour costs, occupational health and safety, undeclared work, and the exercise of labour standards. The JRC preparatory study's current framing of social criteria focuses on consumer health and safety, rather than the health and safety of workers in the supply chain, including those handling chemicals and materials during production. This gap should be addressed.
- Tool 30 also examines whether a policy option affects people's incomes and poverty rates, and whether it affects the access to and quality of social protection for those from disadvantaged backgrounds.
- Tools 27 and 35 examine whether there are employment impacts in non-member states, including whether the option alters the implementation of ILO Decent Work standards in third countries.
- Tool 32 examine health impacts arising from policy choices. Workers in sorting, recycling and manufacturing who handle recycled synthetic fibres are exposed to microplastic shedding, which can pose occupational health risks.⁶⁵ A key question is whether the delegated act adequately considers these risks, in line with Article 168 TFEU, which requires that a high level of human health protection be ensured in the definition and implementation of all Union policies and activities.

The right to just and favourable conditions of work, including an adequate living wage, is recognised in the Corporate Sustainability Due Diligence Directive (CSDDD) as derived from Articles 7 and 11 of the International Covenant on Economic, Social and Cultural Rights.⁶⁶ A key question is if the delegated act risks undermining this right for workers in textile supply chains, particularly where compliance costs are absorbed by suppliers rather than shared equitably across the supply chain.

Impacts the assessment should examine

The impact assessment should examine the following questions in relation to workers:

- How the costs associated with transitioning to more sustainable production processes will be distributed across the supply chain, and what the consequences would be for working conditions if those costs are not passed on fairly by buyers to suppliers.
- Whether the circular roles expected to grow under the delegated act, such as recycling, sorting and logistics, will be designed in a way that supports decent work, or whether they risk replicating existing problems related to job quality in these segments.
- Whether recycling and sorting facilities, which are often located in countries outside the EU and may operate with limited regulatory oversight, will be subject to adequate labour protections as demand for their services grows.

⁶⁵ Gomes de Medeiros et al. (2025), [Occupational Risks of Microplastics in Textile Manufacturing: Health Impacts and Mitigation Strategies](#), *Advances in Research*

⁶⁶ [Corporate Sustainability Due Diligence Directive](#) (Directive (EU) 2024/1760), Annex 1(6)

- Whether the delegated act creates any pathways to support worker-inclusive upgrading across the supply chain, for instance by encouraging social enterprises or supporting collective bargaining in circular economy roles.
- Whether the delegated act adequately considers the health implications of an increased emphasis on recycled materials, particularly recycled polyester, which may indirectly increase occupational health risks due to fibre shedding for workers in sorting, recycling and manufacturing.
- Whether the delegated act adequately considers worker exposure to hazardous chemicals used throughout textile production, including in dyeing, finishing, printing and other wet processing stages.

Worker representatives and trade unions should be explicitly included as consultation stakeholders in the impact assessment process, both in the EU and in third countries where garment production, sorting and recycling take place.

2.5 SMEs, upstream suppliers and social economy businesses

The Better Regulation Toolbox requires the impact assessment to examine whether a measure imposes adjustment costs on third-country actors, what the impact of digital technology is and whether it affects digital accessibility, and whether there are employment and income impacts in non-member states (Tools 27, 28 and 35).⁶⁷ This applies directly to SMEs operating outside the EU, including suppliers, producer cooperatives, artisan-led businesses and social economy enterprises that form part of EU textile supply chains. These actors are rarely the direct addressees of EU regulations, but they receive compliance demands passed down contractually from EU buyers, and their ability to meet those demands affects their continued market access.

The JRC methodology document identifies compliance costs for SMEs as one of the key economic criteria to be evaluated in the impact assessment.⁶⁸ Within the EU, the Commission Recommendation of 6 May 2003 defines SMEs as enterprises employing fewer than 250 persons with an annual turnover not exceeding EUR 50 million and/or an annual balance sheet total not exceeding EUR 43 million. This definition is legally relevant for determining which EU-based actors are eligible for the support measures foreseen under Article 22 ESPR. However, it is not an adequate analytical framework for assessing impacts on third-country actors.

Outside the EU, SME classifications differ significantly by country and sector. In Bangladesh, for example, a garment factory with up to 1,000 workers is classified as medium-sized under the national industrial policy for labour-intensive industries, even if in other sectors (such as the service sector), this would put it in the “large” business category.⁶⁹ In Egypt, enterprise size is defined by capital thresholds rather than headcount, which produces a different demographic legally classified as SMEs than in the EU.⁷⁰ What

⁶⁷ European Commission (2025), [Better Regulation Toolbox](#)

⁶⁸ Joint Research Centre (2026), [Method for the integration of the support to ESPR impact assessments within the evaluation process of products, including international trade aspects and the impact of measures on third countries](#), p. 32

⁶⁹ Bangladesh National Industrial Policy 2022, section 3.3.3

⁷⁰ Wasel (2023), [Market Research \(SMEs & Banking system in Egypt\)](#)

matters for the purposes of the impact assessment is therefore not whether a third-country actor meets a legal size definition, but whether they have the financial, technical and digital capacity to absorb new compliance demands. The assessment should thus use capacity as its primary analytical lens.

The assessment should not limit its analysis to raw material producers and final garment manufacturers. Intermediate processors, including ginners, spinners and wet processors, are often the first point of data collection for the Digital Product Passport and face significant adjustment costs in building the traceability and digital infrastructure this requires. Where adjustment costs are not supported, they risk being passed up the supply chain to upstream suppliers, rather than absorbed by buyers, compounding the income pressures already documented for suppliers with less resources, such as smallholder farmers.⁷¹

Within the EU, the assessment should consider a more granular breakdown than simply examining “SMEs” as a homogenous group. According to the European Commission, 99.5% of companies in the EU textile sector are SMEs.⁷² Where almost all companies in a sector fall into this category, assessing the impact on SMEs as a single group risk being so broad as to be analytically meaningless. A more granular breakdown is needed, distinguishing between micro, small and medium enterprises, and examining distinct types of actors separately. This includes the craft industry and social economy businesses, which are also SMEs but face a structurally different set of opportunities and challenges compared to conventional small businesses. Fair Trade enterprises, social enterprises and artisan-led cooperatives, for example, already integrate sustainability into their business models, and the assessment should examine whether the delegated act supports or undermines their position in the market.

Why the Commission must assess this group

It is widely recognised that legally mandating sustainability requirements supports long-term supply chain resilience and competitiveness. In October 2025, 480 signatories, including 134 investors and financial institutions, 88 companies, 92 supporting organisations and 166 service providers, emphasised that:

*"companies that implement EU sustainability rules are likely to be more resilient, better prepared for sustainability-related challenges and opportunities, and more capable of communicating these factors to investors and other financial stakeholders"*⁷³

The assessment should examine whether the delegated act delivers on this potential for SMEs or micro-enterprises specifically, or whether the benefits of mandatory sustainability requirements accrue primarily to larger actors. EU-based textile SMEs depend on the continued viability of their third-country suppliers, many of whom are already experiencing significant climate-related shocks, including heat waves and water stress, which affect supply chain resilience. The assessment should therefore also examine whether the

⁷¹ Starmans (2017), [Purchasing practices and low wages in global supply chains: Empirical cases from the garment industry](#), ILO

⁷² European Commission (n.d.), [European Monitor of Industrial Ecosystems](#)

⁷³ Eurosif (2025), [Omnibus initiative: Sustainability rules are essential for European competitiveness](#)

delegated act creates pathways to improve investment in sustainability across supply chains, supporting the long-term competitiveness of smaller actors in the textile sector.

Impacts the assessment should examine

The impact assessment should examine the following questions in relation to SMEs, upstream suppliers and social economy businesses:

- What impact the delegated act would have on SMEs in the social economy, both positive and negative, distinguishing between different types of actors such as recycling enterprises, artisan-led businesses, Fair Trade enterprises and producer cooperatives, both within and outside the EU.
- Whether the support measures foreseen in the ESPR for SMEs, including guidance, training, financial support and secondary datasets for environmental footprint calculations, are accessible, useful and sufficient for social enterprises, artisans and farmer cooperatives, including those outside the EU.
- Whether the delegated act creates conditions for more equitable distribution of sustainability costs across the supply chain, or whether smaller operators are likely to absorb a disproportionate share of these costs. In a similar vein, whether third-country intermediate processors, including ginners, spinners and wet processors, have the digital infrastructure and access to finance needed, or whether adjustment costs at this tier risk being passed down to smallholder farmers rather than shared equitably across the supply chain.
- Whether the Digital Product Passport requirements are designed to be technically and financially accessible for SMEs outside the EU, including artisan-led businesses, Fair Trade enterprises and producer cooperatives, so that the DPP becomes a tool that strengthens these actors' visibility and traceability in EU value chains. The risk to avoid is that requirements built around the digital infrastructure of larger operators widen the digital gap, leaving operators with limited capacity unable to participate.
- Whether the Commission's approach to identifying which third-country actors require support is based on functional capacity, given that SME definitions vary significantly across countries and sectors.

2.6 Summary

The Commission's Better Regulation guidelines require the impact assessment to answer the following questions as a starting point⁷⁴:

- Who is affected by the problem, in what ways and to what extent?
- What are the main drivers of the problem?
- Whose behaviour would have to change to improve the situation?

⁷⁴ European Commission (2025), [Better Regulation Guidelines](#)

The actor groups identified in sections 2.2 to 2.4 must be part of the answer to these questions. The current JRC preparatory study does not identify, amongst others, smallholder farmers or the craft industry as distinct affected groups, and does not examine how requirements will reach actors who are not the direct legal addressees of the delegated act.⁷⁵ This gap must be addressed before the impact assessment can be considered complete under the Commission's own standards.

Two points are particularly important for the problem definition:

- First, third-country actors must be treated as a set of distinct groups rather than a single category. The distributional effects of the delegated act will differ significantly depending on an actor's position in the supply chain, their production model, geographic location and financial capacity, as set out in the sections above.
- Second, the problem definition must reflect the contractual cascading mechanism through which requirements reach upstream actors. Smallholder farmers, artisans, workers and SMEs outside the EU are rarely the direct legal addressees of EU regulations. They nonetheless receive compliance demands passed down through supply chain contracts and information requests from buyers, meaning that their behaviour will need to change in order for the policy to achieve its objectives. The problem definition should make this transmission mechanism explicit.

Where the preparatory study does not provide sufficient evidence on a particular actor group, this is not a reason to exclude that group from the assessment. The table below summarises which Better Regulation Toolbox tools apply to each group and the specific questions the assessment should answer. These questions should be treated as a minimum scope for the assessment, not an exhaustive list.

Actor group	Toolbox tool ⁷⁶	Key questions for the assessment
Smallholder farmers	Tool 30: Income distribution and social inclusion	Does the delegated act affect the incomes and poverty rates of smallholder farming households? Does it affect inequalities in the distribution of income along the supply chain?
	Tool 36: Climate and land use	Does the delegated act lead to a change in land use or in the type of economic activity linked to land? Does a mandated increase in recycled fibre content reduce demand for natural fibres in ways that affect smallholder farming livelihoods? Does the delegated act risk diverting smallholder investment away from climate adaptation and resilience by adding compliance costs at a time when farmers are already absorbing climate-related shocks? Can smallholders realistically access verification and data systems?
	Tools 27 and 35: Third countries	Does the delegated act impose adjustment costs on smallholder farmers in third countries? Are there employment and income impacts in non-member states? Does it alter the implementation of ILO Decent Work standards in third countries?
Craft industry	Tool 31: Cultural heritage	Does the delegated act affect the preservation of cultural heritage? Do Ecodesign requirements risk displacing artisanal techniques that are expressions of living cultural heritage tied to specific communities?

⁷⁵ Joint Research Centre (2025), [Working document of the 3rd milestone](#)

⁷⁶ The full names of the Better Regulation tools are not reiterated here. The term after the toolbox tool number refers to a subtopic of the full tool that we wish to foreground.

and artisans	Tools 21–25: Conduct of business	Does the delegated act impose additional costs on artisan-led businesses? Does it affect their access to finance or essential inputs? Does it risk leading to certain artisanally produced products being withdrawn from the market?
	Tool 27: Third countries	Does the delegated act result in de facto discrimination against third-country goods? Does the framework risk favouring industrial production models and are requirements compatible with small-scale, non-standardised production?
Workers	Tool 30: Working conditions and employment	Does the delegated act affect wages, labour costs or wage-setting mechanisms along the supply chain? Does it affect occupational health and safety for workers handling chemicals and materials during production?
	Tool 32: Health impacts	Does the delegated act consider how an increased emphasis on recycled materials, particularly recycled polyester, may indirectly increase health risks for workers? Does it assess the occupational health implications of working with synthetic fibres that shed microplastics during production, sorting and recycling?
	Tool 30: Income distribution and social inclusion	Does the delegated act affect the incomes of workers in marginalised situations, including women, migrants and those in informal employment? Does it affect their access to social protection?
	Tools 27 and 35: Third countries	Does the delegated act affect the implementation of ILO core labour standards in third countries? Are there employment impacts in non-member states, particularly in recycling and sorting sectors expected to grow?
SMEs, upstream suppliers and social economy businesses	Tools 21–25: Conduct of business	Does the delegated act impose additional compliance costs on (M)SMEs? Does it affect their access to finance or essential inputs? Does it affect their ability to compete with larger operators?
	Tools 27 and 35: Third countries	Does the delegated act impose adjustment costs on SMEs outside the EU, including producer cooperatives, Fair Trade enterprises and artisan-led businesses? Does it affect their market access? Does the delegated act provide support measures that are accessible to actors with less capacity regardless of whether they are inside and outside the EU?
	Tool 30: Income distribution and social inclusion	Does the delegated act affect the distribution of sustainability costs across the supply chain? Are smaller operators likely to absorb a disproportionate share of compliance costs? Do costs risk being passed to upstream suppliers rather than absorbed by buyers?
	Tool 28: Digital-ready policymaking	Does the delegated act provide useful, sufficient and accessible support for SMEs for the Digital Product Passport, including for those outside the EU? Does it reduce rather than increase the digital burden on smaller operators? Does it risk widening the digital gap between large and small actors in the supply chain?

Table 1. Summary of relevant stakeholder groups mapped with applicable Better Regulation Tools and questions.

3. How to engage third-country actors

Meaningful engagement with third-country actors requires more than an open online consultation. The Commission and its consultants should use engagement methods that are adapted to the realities of textile supply chains and to the profiles of the actors affected. A purely desk-based or webinar-based consultation process will be seriously insufficient to understand how Ecodesign requirements would operate in practice for suppliers, smallholder farmers, artisans, social economy businesses and workers outside the EU. Engagement should be designed around targeted, context-specific and in-person consultation wherever possible.

3.1 Use targeted and context-specific outreach

Engagement should be tailored to different production contexts and actor groups. The realities of textile and fibre production differ significantly across countries and regions, including between large-scale export-oriented production systems and more fragmented systems involving smallholder farmers, artisans, SMEs and informal workers. The Commission should avoid designing a single consultation model for all third-country contexts.

3.2 Prioritise in-person engagement through EU Delegations

Where possible, engagement should take place in person through EU Delegations, Team Europe Initiatives, Global Gateway Projects and other relevant local channels, such as EU member states' development agencies. In-person meetings provide substantially better-quality information than remote webinars or written submissions alone, particularly when the objective is to understand how obligations would operate in practice. This should include:

- Visits to factories, farms, farmer cooperatives, recycling facilities and artisanal production sites, beyond stakeholder meetings in capital cities;
- Dialogue with the actors as laid out in Section 2, in the environments where compliance would actually be required.

Commission webinars can support outreach, but they cannot substitute for this kind of direct engagement. Seeing production realities first-hand is essential to assessing whether proposed obligations are realistic and proportionate.

3.3 Facilitate dialogue between supply chain tiers and across producing countries

Final-stage suppliers, who are most visible to EU buyers, frequently do not have direct relationships with the upstream actors whose data they will be expected to relay under the delegated act. Bangladesh illustrates this clearly: Its apparel production is highly dependent on imported raw materials, including raw cotton, yarn, staple fibre, textile and fabric-related articles, and accessories.⁷⁷ Yet, manufacturers often have limited direct connection with upstream actors such as cotton producers and harvesters, creating a knowledge gap regarding what compliance would actually entail and what the impact of the Regulation would be.

The EU's engagement with third-country actors under the ESPR delegated act should therefore create opportunities for actors at different tiers, and in different producing countries, to come together to find solutions:

- In practice, these can take the form of joint workshops or focus groups convened by EU Delegations across producing countries bringing together industry actors across tiers.

⁷⁷ United States Department of Agriculture (2025), [Cotton and Products Update](#)

- Knowledge webinars targeted at downstream actors, explaining what is happening at raw-material production level, can complement these workshops at lower cost and at greater scale.
- This should take place while the delegated act is still being designed and the impact assessment is being conducted.

3.4 Work through trusted intermediaries, including public institutions where appropriate

Trusted intermediaries are essential for reaching actors who are less visible in standard consultation processes, especially smallholder farmers, artisans, informal workers, women workers and social economy enterprises. These intermediaries may include:

- Farmer cooperatives and producer organisations;
- Artisan associations and craft industry networks;
- Trade unions and worker representatives;
- Local NGOs and community-based organisations;
- Sectoral associations with direct relationships to affected stakeholders.

Government ministries, embassies, trade missions and other public authorities can also be useful interlocutors in some contexts, including where they have strong sector knowledge and regular dialogue with affected industries and producer groups. However, this should not be assumed automatically. In some countries, these institutions may primarily reflect the views of larger export actors or may not have direct links with the stakeholder groups most likely to be affected. The Commission and its consultants should therefore assess case by case whether government or embassy channels are appropriate and sufficiently representative. This should be validated with local civil society organisations and other independent local actors, who can help indicate whether these channels are credible, inclusive and able to facilitate access to the relevant stakeholders.

3.5 Reduce barriers to participation

Consultation processes should be designed so that affected actors can realistically participate. Many third-country stakeholders face barriers that are not present for Brussels-based actors or large international firms, including:

- Language barriers and lack of familiarity with EU policy processes;
- Limited digital access and lack of time;
- Transport costs and the financial cost of participating;
- Fear of (commercial) retaliation from speaking openly.

The Commission and its consultants should reduce these barriers by using local languages, simple and accessible consultation materials, and formats that do not require high technical expertise. They should also take account of production calendars, harvest periods and working hours when scheduling meetings. Compensation for participation should be considered, including reimbursement for travel costs and recognition of time spent. Without this, consultation risks systematically privileging the actors with the greatest resources to participate, which are not necessarily the actors most affected by the delegated act.

3.6 Protect the security of participants, especially workers

The consultation process must include safeguards for the security and confidentiality of participants, especially workers and worker representatives. In some contexts, speaking openly about commercial practices, compliance costs, working conditions or buyer behaviour may expose participants to retaliation or other risks. Engagement formats should be designed with attention to confidentiality, safe participation and informed consent. In practice, this may require:

- Using trusted local facilitators to conduct interviews or focus groups;
- Holding separate meetings for workers and management;
- Allowing anonymised or aggregated input;
- Avoiding formats in which participants may be pressured or monitored by more powerful actors.

Consultation quality should not be measured only by the number of meetings held, but by whether participants were able to share insights safely.

4. Support measures for third-country actors

As outlined in Section 2, ESPR requirements are likely to generate uneven impacts across actor groups, particularly where compliance costs, data requirements, and verification obligations are transmitted through contractual cascading. To operationalise an effective and fair approach, implementation must therefore be accompanied by targeted support measures addressing these structural constraints. This section sets out recommended financial, technical, and governance support mechanisms to enable compliance while mitigating disproportionate burdens.

The costs associated with transitioning to more sustainable production will not be met by smaller suppliers and third-country actors alone. Large brands, as the primary buyers of textiles produced across global supply chains, are best placed to finance and support the transition for their suppliers. This is the right principle, and it is consistent with the broader objective of a just transition. However, the ESPR does not create an enforcement mechanism that obliges brands to co-finance compliance costs for their suppliers. The risk is therefore real that brands will pass compliance burdens down the supply chain rather than sharing them. The support measures set out in this section are designed to reduce that risk, by ensuring that smaller actors have access to the tools, guidance and financial support they need to comply, regardless of whether their buyers step up.

The Commission's 2026 Communication on Better Regulation explicitly requires that "realistic transposition and implementation deadlines" be set, based on "realistic estimates of the time required to develop implementing measures and digital tools".⁷⁸ Hence, support measures must be fully operational when the 18-month transition period of the delegated act begins: Experience with similar regulatory tools shows that development timelines are

⁷⁸ European Commission (2026), [A Simpler, Clearer and Better Enforced EU Rulebook](#)

regularly underestimated, and an 18-month transition period offers little breathing room if the necessary tools, datasets and guidance are not already in place when it starts.

4.1 Legal and policy basis

The ESPR already contains a support architecture for SMEs:⁷⁹

- **Recital 54** states that the Commission and Member States should provide information, guidance, targeted and specialised training, assistance and financial support to SMEs active in manufacturing. It also states that the Commission should support environmental footprint calculation through digital tools and support implementation of the digital product passport.
- **Article 22(1)** provides that the Commission shall ensure initiatives that help SMEs integrate environmental sustainability into their value chain.
- **Article 22(2)** provides that, where appropriate, delegated acts should be accompanied by digital tools and guidelines covering the specificities of SMEs, in particular microenterprises.
- **Article 22(3)** provides that Member States shall take appropriate measures to help SMEs comply. It also lists examples of such measures, including one-stop shops or similar mechanisms, financial support, access to finance, specialised training, and organisational and technical assistance.

The Commission also has authority under **Article 68.2(d)** of the ESPR to draw up guidelines for the application and enforcement of requirements set out in delegated acts, including common practices and methodologies for effective market surveillance. Recital 108 further states that the Commission should draw up guidelines on how to apply and enforce requirements where necessary to ensure their harmonised application. These provisions provide a legal basis for the Commission to issue guidance on how compliance costs and burdens should be shared across the supply chain, including between brands and their suppliers.

The Regulation also supports a broader reading of support needs across the value chain:⁸⁰

- **Article 5(11)(d)** requires that ecodesign requirements do not have a disproportionate negative impact on the competitiveness of economic operators and other actors in the value chain, including SMEs.
- **Article 5(11)(e)** requires that ecodesign requirements do not impose proprietary technology on manufacturers or other actors in the value chain.
- **Article 5(11)(f)** requires that ecodesign requirements do not create a disproportionate administrative burden on manufacturers or other actors in the value chain, including SMEs.

These provisions are important for this paper because they go beyond EU-based manufacturers alone i.e. they refer more broadly to “other actors in the value chain”. This supports the argument that implementation tools should be designed in a way that is

⁷⁹ [Regulation \(EU\) 2024/1781](#)

⁸⁰ [Regulation \(EU\) 2024/1781](#)

workable for smaller actors who are expected in practice to adapt for the delegated act to succeed. A joint DG INTPA and ITC publication argues that accompanying measures are as important as the underlying legislation itself for effective and inclusive implementation.⁸¹ It states that many actors will need training, tools, technology or financial support to play their roles effectively, especially MSMEs, smallholder farmers and suppliers operating in difficult contexts, and the publication puts forward a typology of accompanying measures.⁸² Although that document was developed in the due diligence context, the underlying logic is directly relevant here. If the EU wants sustainability legislation to work in practice across global value chains, the law must be accompanied by support that enables smaller actors to comply.

EU primary law also supports this approach where the delegated act affects actors in third countries.

- **Article 21(2)(d) TEU** requires the Union to foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty.⁸³
- **Article 208 TFEU** requires the Union to take account of development cooperation objectives in the policies it implements that are likely to affect developing countries.⁸⁴

These provisions do not mean that all non-EU producers automatically become legal beneficiaries of Article 22 ESPR. They do, however, support the case that the ESPR's support logic should be designed and applied in a way that does not undermine development objectives where smallholders, artisans, cooperatives and smaller enterprises outside the EU are expected in practice to generate data, adapt production processes, or respond to compliance demands linked to access to the EU market.

The EU has already recognised the importance of support measures for partner countries in regard to circularity more generally, and therefore launched a four-year project, EU CERC, co-founded by DG INTPA, Belgium's Enabel and the Finnish Ministry of Foreign Affairs.⁸⁵ Similarly, Team Europe Initiatives have been set up for supporting the implementation of the EU Deforestation Regulation (EUDR)⁸⁶ and the Corporate Sustainability Due Diligence Directive (CSDDD)⁸⁷, showing that support measures for partner countries are institutionally recognised as essential. However, none of these are focussed specifically on textiles, and further support is thus needed.

The table below summarises proposed support measures for third-country actors, next to the relevant EU legal and policy basis. Each of them is developed further in depth in the following sections.

⁸¹ ITC and DG INTPA (2024), [Designing and Implementing Accompanying Measures](#)

⁸² ITC and DG INTPA (2024), [Designing and Implementing Accompanying Measures](#)

⁸³ [Treaty on European Union](#), Chapter 1, Article 21(2)(d)

⁸⁴ [Treaty on the Functioning of the European Union](#), Article 208

⁸⁵ SITRA (n.d), [EU CERC](#)

⁸⁶ GIZ (n.d), [Team Europe Initiative on Deforestation-free Value Chains](#)

⁸⁷ DG INTPA (2026), [EU Due Diligence Navigator](#)

Proposed support	What it should include	Relevant basis
Targeted financial support	Grants, co-investment and in-kind support for traceability systems, documentation, environmental footprint calculations, digital tools, and shared infrastructure through cooperatives or producer networks.	Recital 54 ESPR. Article 22(3)(a)-(b) ESPR. Article 21(2)(d) TEU. Article 208 TFEU.
Practical technical support	Multilingual guidance, templates, trainings, helpdesks, local contact points, and hands-on support through EU Delegations and trusted intermediaries, taking into account digital literacy.	Recital 54 ESPR. Article 22(2) ESPR. Article 22(3)(c)-(d) ESPR. DG INTPA / ITC accompanying-measures guidance.
Shared compliance infrastructure	Support for group-based systems for traceability, data management, documentation and compliance, especially for smallholders, cooperatives and artisanal networks.	Article 22(2)-(3) ESPR. Article 208 TFEU. DG INTPA / ITC accompanying-measures guidance.
Free environmental footprint calculation tools	Genuinely free and accessible tools for smaller actors to calculate or demonstrate environmental performance, so compliance does not depend on ability to pay for private services.	Recital 54 ESPR. Article 22(2) ESPR. Article 5(11)(f) ESPR.
Adapted secondary datasets	Datasets that reflect artisanal and small-scale production, and different cultivation methods and geographic origins of natural fibres.	Article 22(2) ESPR. Article 5(11)(d)-(f) ESPR. Article 208 TFEU.
Alternative calculation routes	Alternative tools or adapted approaches where standard methodologies do not accurately reflect natural fibres, agroecological systems, or artisanal production.	Article 22(2) ESPR. Article 5(11)(d)-(f) ESPR. Article 208 TFEU.
Support for Digital Product Passport implementation	Tailored assistance for data entry, traceability, simplified interfaces, and proportionate routes for actors with limited digital and financial capacity.	Recital 54 ESPR. Article 22(2) ESPR. Article 5(11)(e)-(f) ESPR.
Measures to prevent disengagement from smaller suppliers	Guidance and support that help buyers remain engaged with smaller suppliers while adapting to new requirements, rather than shifting burdens upstream or exiting relationships.	Article 21(2)(d) TEU. Article 208 TFEU. DG INTPA / ITC accompanying-measures guidance.
Continued implementation dialogue	Ongoing engagement to identify practical barriers, update tools and datasets, and ensure that implementation remains workable for smaller actors in third countries.	Recital 52 ESPR. Recital 54 ESPR. Article 22(2)-(3) ESPR. DG INTPA/ ITC accompanying-measures guidance.
Model Contract Clauses	Commission-endorsed model contract clauses for the textiles supply chain, setting out how compliance costs should be allocated between buyers and suppliers, how supply chain data confidentiality and DPP data ownership should be managed, and what obligations buyers should accept in supporting supplier compliance.	Article 68.2(d) ESPR. Recital 108 ESPR. CSDDD model contract clauses precedent.

Table 2. Summary of proposed SME support measures.

4.2 Financial support

Financial support will be necessary if smaller actors are expected to comply with new requirements in practice. This is particularly relevant where compliance depends on new documentation systems, traceability tools, environmental footprint calculations, or digital infrastructure. Well-targeted financial support would allow smaller actors to remain in EU value chains and demonstrate the sustainability of their production on equal terms with larger operators. If this is not the case, smaller actors may be excluded from EU value chains not because their production is less sustainable, but because they cannot absorb the cost of compliance or demonstrate that their production satisfies the criteria.⁸⁸

Financial support should be designed to address the actual costs that smaller actors are likely to face:

- Financial support should cover the costs of setting up traceability, documentation and data-management systems. This is particularly important for cooperatives, producer organisations and smaller enterprises that do not already have such systems in place.
- Financial support should cover the costs of environmental footprint calculations and related technical services. Smaller actors often cannot rely on expensive private service providers to demonstrate compliance.
- Financial support should cover the costs of digital tools and infrastructure needed to comply with delegated-act requirements. This is especially relevant where implementation will depend on digital interfaces or product-level information systems.
- Financial support should also be available for shared infrastructure through cooperatives, producer networks and artisanal networks. In many cases, group-based systems will be more feasible and cost-effective than requiring each actor to build an individual compliance system.

The form of financial support also matters:

- Financial support should, where possible, take the form of grants, co-investment and in-kind support rather than loans. This is particularly important for smallholders and smaller enterprises that may already face tight margins and limited access to finance.
- Financial support should be designed so that it can also benefit affected non-EU actors in practice, especially smallholders, artisans, cooperatives, Fair Trade enterprises, social enterprises and other smaller suppliers linked to the EU textile market.
- Financial support should not be limited to the final manufacturer. It should also be capable of reaching upstream actors where they are expected to bear part of the compliance burden in practice.

⁸⁸ UNIDO (2025), [The costs of sustainability-driven regulations: Pathways for a fair distribution](#); Ohana Public Affairs (2025), [Beyond Borders: European Responsible Conduct Legislation for EU and non-EU Suppliers](#)

This is important not only from a fairness perspective, but also for the effectiveness of the delegated act. When smaller actors can access targeted financial support, compliance costs can be borne in proportion to capacity, and the system rewards actual environmental performance rather than the ability to *pay* for demonstrating compliance, directly supporting the ESPR's aim of making sustainable products the norm. Without such support, compliance costs would risk being absorbed by those least able to bear them or buyers disengage from smaller suppliers in favour of larger and more administratively equipped operators, undermining that aim by rewarding capacity to pay rather than actual sustainability performance.

4.3 Technical support

Many of the barriers smaller actors face are not primarily financial, but practical. For smallholders, artisans, cooperatives and smaller enterprises, tasks such as documentation, responding to buyer demands and using digital tools can become a major obstacle, even where their production practices are already sustainable. Technical support is therefore essential. Technical support should be practical and usable in the contexts in which smaller actors operate:

- Technical support should include multilingual guidance, templates, trainings, workshops, helpdesks and local contact points. These should be designed so that smaller actors can use them without requiring specialised in-house expertise, and be sensitive to digital literacy levels.
- Technical support should be delivered through channels that are accessible in practice. This may include EU Delegations, trusted local intermediaries, producer organisations, cooperatives, business associations and civil society organisations.
- Technical support should not be designed only for final manufacturers. It should also reach upstream actors who are expected in practice to generate data, provide information, or adapt their production processes in response to buyer requirements.

Systems should be designed so that upstream actors, including smallholder farmers, artisans and smaller suppliers, can both contribute data and access information relevant to their position in the supply chain. This would require open data standards, interoperable systems and user interfaces designed for actors with varying levels of digital maturity.⁸⁹

A particular challenge concerns environmental footprint calculations, as discussed below.

4.3.1 Free and accessible environmental footprint calculation tools

Environmental footprint requirements are central to the ESPR. For this to function as intended, smaller actors, including outside the EU, must have access to genuinely free and accessible tools before those requirements become mandatory. With such tools in place, compliance reflects actual environmental performance regardless of an operator's capacity to pay. In particular:

⁸⁹ Ecopreneur.eu (2025), [An EU Circular Economy Act to drive competitiveness and investment in circular business](#).

- Free tools should be available for smaller actors to calculate, estimate or otherwise demonstrate environmental performance in a way that is workable in practice.
- These tools should be designed for users with limited technical capacity. They should not assume the availability of specialist staff, consultants or advanced software systems.
- These tools should also be compatible with the realities of smaller and mission-driven operators, including Fair Trade enterprises, social enterprises, cooperatives and artisan businesses.
- Alongside these tools, trainings and capacity-building at every tier where data is generated will be required.

This is important because smaller actors may otherwise be disadvantaged for reasons that are unrelated to the actual sustainability of their production model. Genuinely free and accessible tools allow smaller actors, many of whom already use lower-input or lower-impact production methods, to demonstrate the sustainability of their production on equal terms with larger operators, ensuring the delegated act rewards actual environmental performance regardless of operator size. Conversely, where large companies can pay for private footprint calculations while smaller actors cannot, the delegated act ends up rewarding administrative capacity rather than environmental performance, disadvantaging smaller actors for reasons unrelated to the actual sustainability of their production model.

4.3.2 Secondary datasets and environmental footprint methodology that reflect the diversity of production models

The Commission intends to provide secondary datasets to support environmental footprint calculations under the delegated act. Before these datasets are finalised, two issues should be addressed:

- **First, the environmental footprint methodology should be assessed for whether it reflects the diversity of production models present in textile value chains linked to the EU market:** Current Product Environmental Footprint Category Rules, PEFCR, do not apply the same system boundaries to natural and synthetic fibres.⁹⁰ This means that they might not adequately capture whether natural fibres, if sustainably sourced, may contribute positive to the environment. When cultivated sustainably, natural fibres can play a positive role in soil health, biodiversity and carbon sequestration.⁹¹ Similarly, how the production models of artisans and the craft industry are impacted should be assessed, specifically regarding whether lower-impact production practices are adequately reflected in the methodology. Assigning artisan producers industry-average environmental data would misrepresent their actual impacts and systematically undervalue their environmental performance relative to conventional manufacturers.⁹²

⁹⁰ Make the Label Count (2022), [Delivering EU Environmental Policy Through Fair Comparisons of Natural and Synthetic Fibre Textiles in PEF](#); European Environmental Bureau (2022), [Open letter on concerns about the PEF methodology and its application to apparel and footwear products](#)

⁹¹ Bricmont et al. (2026), [Inclusion of Sustainably Sourced Renewable Materials in Ecodesign for Textile Apparel](#)

⁹² European Commission Joint Research Centre, Environmental Footprint Category Rules for Apparel and Footwear, 2021, p. 19; p. 22.

- **Second, the secondary datasets provided by the Commission should be assessed for whether they are applicable to different cultivation methods, production models and geographic contexts:** Organic, agroecological and Fairtrade-certified cotton, among others, have significantly different environmental profiles from conventionally grown cotton.⁹³ Datasets that do not distinguish between these production methods will produce inaccurate calculations. Artisanal and smallholder production models may also differ substantially from conventional industrial production.⁹⁴ Generic datasets may therefore fail to reflect their actual impacts. Where secondary datasets are not applicable to these production models, smaller actors may be forced to calculate their own environmental footprints without support, while conventional producers benefit from Commission-provided tools.

The Commission's own PEF data quality framework requires that datasets reflect the actual technology used in production, distinguishing for example between manual and mechanised processes.⁹⁵ Applying industrial-average datasets to artisanal production would fail this technological representativeness criterion by the Commission's own standards. Secondary datasets must therefore be developed that reflect hand-processed and non-mechanised production, rather than defaulting to industrial averages that systematically misrepresent artisanal environmental performance. Alternative impact measurement approaches already exist that go beyond the limitations of standard PEF, including Textile Exchange's LCA+ framework, which captures impacts related to biodiversity, soil health, water and livelihoods alongside carbon emissions.⁹⁶

Technical support should therefore include more than generic datasets. The Commission should assess whether the datasets it provides are applicable to the full range of production models present in textile value chains linked to the EU market. Where they are not, the Commission should provide adapted datasets or alternative calculation tools so that all actors can demonstrate compliance on fair and workable terms. Secondary datasets should cover the full range of natural fibres relevant to EU textile supply chains, including not only cotton but also other fibres such as wool, silk, hemp, and should distinguish between different cultivation methods and geographic origins for each fibre, as environmental profiles vary significantly across these dimensions. Datasets should also include variables that reflect hand-processed and non-mechanised production, so that artisanal goods do not default to industrial average data that systematically overstates their environmental impact.

4.4 Other support for inclusive implementation

Financial and technical support alone will not be sufficient. Smaller actors, including outside the EU, may still face barriers if support is not organised in a way that reflects how compliance happens in practice across textile value chains. Implementation should overall

⁹³ See for instance: Textile Exchange (2026), [Our Life Cycle Assessment \(LCA\) studies](#); Fairtrade International (2026), [Evaluating and comparing the environmental impact of Fairtrade cotton in India 2026](#)

⁹⁴ FTAO (2025), [What the EU's Ecodesign for Sustainable Products Regulation needs to focus on to ensure positive impact for smallholder farmers and artisans in the textile sector](#)

⁹⁵ JRC (2025), [Data Quality Rating rules and review requirements for Environmental Footprint datasets](#)

⁹⁶ Textile Exchange (2026), [What is "LCA+" and how is it implemented?](#)

support the prevention of buyer disengagement from smaller suppliers. Support measures should be designed so that buyers are not encouraged to shift costs upstream or disengage from smaller suppliers simply because they are harder to onboard into new systems. Instead, support should help maintain commercial relationships while actors adapt to new requirements. This is particularly important for smallholders, artisans, cooperatives and smaller enterprises whose continued access to the EU market may depend on buyers being willing to invest in long-term adaptation rather than short-term substitution.

4.4.1 Model contract clauses

One concrete measure the Commission can take under its existing authority is to develop model contract clauses for the textiles supply chain. Model contract clauses provide a practical tool for translating shared responsibility into commercial practice. The CSDDD provides a precedent for this approach: Under Article 18, the Commission is required to provide model contract clauses to support companies in implementing due diligence obligations across their supply chains.⁹⁷ A similar approach should be adopted for the ESPR textiles delegated act. The Responsible Contracting Project provides further practical guidance on how contract clauses can be designed to reflect shared responsibility and protect smaller suppliers from disproportionate compliance burdens.⁹⁸ Model contract clauses should set out:

- How compliance costs should be allocated between buyers and suppliers;
- How confidentiality of supply chain data should be managed;
- What obligations buyers should accept in supporting their suppliers to meet performance and information requirements;
- How responsible exit should be dealt with. Brands should commit not to exit relationships with smallholder cooperatives, artisans or smaller suppliers simply because those actors cannot immediately provide digital data or meet new compliance requirements. This is consistent with the CSDDD Articles 10(6) and 11(7), which enshrines that disengagement shall be a measure of last resort, requiring buyers to actively support their suppliers in building the necessary capacity before terminating a commercial relationship.⁹⁹

4.4.2 Shared compliance infrastructure

For many smaller actors, individual compliance is not a realistic model. Smallholder farmers, artisans, home-based producers and smaller enterprises often lack the in-house administrative, technical and digital capacity to manage traceability, documentation, data entry and buyer communication independently. Artisans and smaller mission-driven enterprises often operate through associations, networks or cooperative structures rather than through large in-house compliance teams. Similarly, in the case of smallholders, cooperatives, producer organisations, producer networks and similar representative

⁹⁷ [Corporate Sustainability Due Diligence Directive](#) (Directive (EU) 2024/1760), Article 18

⁹⁸ Responsible Contracting Project (n.d.), [Supplier Model Clauses \(SMCs\) 1.0 Framing Memo](#)

⁹⁹ [Corporate Sustainability Due Diligence Directive](#) (Directive (EU) 2024/1760), Articles 10(6) and 11(7)

bodies are often better placed than individual producers or enterprises to organise traceability, documentation, data management and communication with buyers on behalf of their members. Support should recognise these group-based models in the craft industry and social economy, and should be designed to reach and strengthen these structures rather than requiring actors to reorganise around individual compliance pathways. This is particularly relevant where members are geographically dispersed, operate in low-connectivity environments, or work in home-based or decentralised production settings.

The Commission should support the following:

- Cooperative hubs managed by local producer organisations should be supported as central data-entry points for the Digital Product Passport. Rather than requiring each smallholder farmer or artisan to interface individually with DPP systems, cooperative hubs can aggregate, verify and transmit data on behalf of their members, reducing the per-producer burden while maintaining data quality and traceability. The Commission should provide targeted support for the establishment and capacity-building of such hubs, particularly in sourcing regions where digital infrastructure is limited.
- Data generated by farmers, artisans and cooperatives for the purposes of the Digital Product Passport should be owned by those producers or their cooperatives, not of the brands or platforms through which the data is transmitted. Where large brands control the data infrastructure, there is a risk of data lock-in, whereby suppliers become dependent on proprietary platforms and lose the ability to use their own data for other purposes, further deepening existing power asymmetries in textile supply chains. DPP systems should therefore be built on open data standards, and data ownership and access rights should be clearly defined, including in the model contract clauses set out in section 4.4.1.

4.4.3 Continuous support

Support should not be delivered only through Brussels-based guidance or online tools. It should also be available through local contact points, EU Delegations, trusted intermediaries and relevant local organisations that can help actors use the tools in practice. This is particularly important where actors have limited familiarity with EU regulatory processes or limited access to specialised legal and technical advice.

Support should not end once the delegated act enters into force. The Commission should, including via EU delegations, maintain dialogue with affected actors during implementation to identify practical barriers, gaps in existing tools, and unintended consequences. This should include continued engagement with smallholders, artisans, workers, cooperatives, SMEs, civil society organisations and other relevant intermediaries. The aim should be not only to communicate requirements, but also to gather feedback on whether the support measures provided are working in practice. This matters because implementation problems will not always be visible only from standard reporting channels. Continued dialogue is therefore necessary to ensure that support measures remain responsive to realities on the ground and can be adjusted where needed.

Fair Trade Advocacy Office

Village Partenaire – Bureau 2
Rue Fernand Bernier 15 - 1060 Brussels, Belgium
EU Transparency Register Nr: 860901940087-20
info@fairtrade-advocacy.org
www.fairtrade-advocacy.org