

# There will be no circularity without fairness and social sustainability at its core

Press release on the circular package 1

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*The FTAO welcomes the publication of the first policy package of the [Circular Economy Action Plan](#), but regrets the large focus on environmental sustainability, being blind to the essential role that social and economic sustainability play in the road towards transition to circular economies.*

*Hereinto the FTAO shares its view on the sustainable products initiative, the EU Strategy for Sustainable and Circular Textiles and the empowering consumers for the green transition proposal for Directive.*

## **Sustainable Products Initiative**

The [Sustainable Products communication](#) lays out a number of measures to 'make sustainable products the norm in a more resilient Single Market'. The package includes an important expansion of Ecodesign rules is an important step forward however, it falls short of what would be needed for genuinely 'sustainable' products. The FTAO regrets that the proposal only covers environmental sustainability. As also defined by the European Commission, sustainability includes interdependent social, environmental, and economic aspects. With complete exclusion of social standards and respect for human rights in global value chains, we cannot say that these products will be 'sustainable'.

Further, it is a missed opportunity to connect the proposal for the Regulation on Ecodesign for Sustainable Products to other instruments that aim to regulate the transparency and conditions in global value chains of products coming to the EU market such as the Sustainable Corporate Due Diligence Directive and Corporate Sustainability Reporting Directive proposals.

The communication recognises that the digital product passport will be used beyond the purposes of the Ecodesign rules, and indeed, it would be a great tool to include social and due diligence information. However, in the proposal it remains limited to a selected parameter relevant to product aspects, such as the product's environmental footprint or its durability and information on the product's performance.

Finally, the proposal recognises the role public procurement of Member States can play in incentivising more sustainable production and consumption and announces upcoming mandatory criteria based on existing voluntary criteria for green public procurement. This

work will be done through delegated acts and it is an important task ahead which should approach green public procurement holistically and include social and human rights standards.

## **The EU Strategy for Sustainable and Circular Textiles**

The Fair Trade Advocacy Office (FTAO) welcomes that there is finally a strategy out for the textile sector, a sector with high risks for both human rights and the environment. The [EU Strategy for Sustainable and Circular Textiles](#) shows some ambition in tackling the environmental issues of the sector, but almost completely leaves out the workers and farmers producing the clothes.

It is highly problematic that the strategy presents nothing to combat the unfair trading practices that are so prevalent in the sector. Unfair Trading Practices (UTPs) (like short lead times, prices under production costs and unilateral changes of orders) are preeminent in global garment supply chains and are leading to far below living wages and living income and forced overtime among other things. The SARS-COV-19 (COVID-19) crisis has both demonstrated and amplified the flaws of the system and resulted in abusive practices and costs being imposed on producers in the EU and abroad. The FTAO is very disappointed that textile strategy does nothing to address the vastly unequal power relationships between different actors in the textile sector nor puts a stop to unfair trading practices.

**Sergi Corbalán**, Executive Director, Fair Trade Advocacy Office:

*“Neither environmental aspects of garment production and human rights of textile workers or cotton farmers will be improved if the root causes of the biggest problems in the industry aren’t addressed: the purchasing practices of brands. Brands use the unequal power balance between them and their suppliers to unilaterally force purchasing practices in their favour, such as setting buying prices lower than the production costs, short lead times or last-minute design changes. These purchasing practices squeeze the margins of a factory, leaving them little to no room to invest in sustainable production or labour conditions, such as a safe working environment or living wages. By not addressing the issue of unfair trading practices, buying prices or living wages and living incomes the “EU Strategy for Sustainable and Circular Textiles” misses a huge piece of the puzzle in making the textile sector circular, fair and sustainable.”*

The FTAO welcomes that the Textile Strategy refers to the proposed Corporate Sustainability Due Diligence directive, but this directive will, in its current form, not be enough to tackle the specific challenges in the textile sector. To do this the Textile Strategy should have included due diligence requirements or guidelines for textile Small and medium-sized enterprises (SMEs), since more than 90 % of the companies in the textile sector fall into this category and therefore fall outside the scope of the proposed CSDD-directive even though they still have great human rights and environmental risks in their supply chains. The Textile Strategy

should also have promoted transparency and traceability through requiring disclosure of supply chain information at factory level. The FTAO sees it as a missed opportunity that the European Commission is not proposing to use the digital product passport for disclosure also of social aspects and human rights of textiles products.

Lastly, the FTAO welcomes that the textile strategy promises to “introduce mandatory criteria for green public procurement” and wants to highlight again that it is of high importance that this includes both social and environmental sustainability.

### **Empowering consumers for the green transition through better protection against unfair practices and better information**

The FTAO welcomes the publication of the delayed proposal on empowering consumers for the green transition and supports the need to provide consumers with reliable information on the products placed in the EU market. As well as the need to combat proliferation of unreliable sustainability claims.

However, as for the Sustainable Products Initiative, FTAO regrets the focus on environmental sustainability only, and the uncertain position that the wording of the proposal creates for sustainability labels focused on social sustainability and social standards.

Social sustainability or Fair Trade related claims would not be explicitly under the scope of the proposed Directive by not being included in the definition of environmental claim. However, social aspects are included in the definition of sustainable labels and thus, are bound by the newly introduced requirements for sustainable labels.

In that sense, the FTAO is concerned over the lack of a proper definition of terms such as *social aspects* and *social impacts* that are introduced in the proposal for Directive. This creates unclarity around what happens with sustainability labels that focus mostly on social aspects, i.e. minimum prices paid to farmers and agri-food workers, but do not make environmental claims in the way described by the proposal of Directive.

This initiative is related to the upcoming proposal for substantiating green claims, which will build on the proposal published today and introduce stricter requirements for methodologies for substantiating such green claims in agri-food and non-agri food products. The FTAO hopes for policy coherence between these two initiatives and also with other relevant ongoing linked initiatives under the F2F strategy, namely the sustainable food labeling framework. Particularly, the FTAO hopes the Commission takes into account the [call that several CSOs](#) are making to leave aside PEF methodologies that are ill suited for assessing environmental performance and externalities in production of agri-food products.

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