

European Apparel and  
Textile Confederation

Activities of the year 2010

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Annual report



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# Industrial strategy **Francesco MARCHI**

The need for a more inclusive and coherent industrial policy within the EU was felt necessary as a way to foster and reinforce the EU economy after the ending of the financial and economic crisis. Indeed for the European textile and clothing industry, the EC Commission and Member States should recognise the crucial role played by the manufacturing industry and the need for a fresh approach to industrial policy. The latter must be implemented with no a-priori on the sectors concerned in order to have a broad-based modernisation of the industry. Definitely the future EU Commission industrial policy should ensure to the textile and clothing sectors a sound, reliable and balanced competitive environment able to foster a sustainable growth and allow the development of the industry's key competitive drivers- knowledge, creativity and innovation.

This was/is the belief of Euratex and of the Alliance for a Competitive European Industry (ACEI)<sup>1</sup> – of which Euratex is part – that called for a new industrial part-

<sup>1</sup> The Alliance regroups European automotive, chemicals, cement, pulp and paper, food and drink, textile and apparel, electricity, iron and steel, non-ferrous metals, oil refining and engineering industries, and BusinessEurope. Its objective is to promote the competitiveness of European industry on a global scale. Altogether, the sector members of the Alliance employ 23 million people, generating € trillion yearly, and contributing with € .3 trillion added value to the EU GDP.

nership between the EU and its major industries in its early 2010 Manifesto, entitled “*Shifting Gears for a New Industrial Policy*”, so that manufacturing industry can remain one of the engines of the economy.

With that in mind, when “Europe 2020”, the EU's growth strategy for the coming decade was revealed during the 1<sup>st</sup> quarter of 2010, Euratex acted to ensure coherence and effectiveness of the future EU policy for the textile and clothing industry. In that context Euratex contributed actively in number of the public consultations related not only to the overall Europe 2020 approach but also on (a) communications supporting the overall strategy like: ‘Trade growth and Jobs’, the ‘Raw Material Initiative’, the ‘Single Market Act’ or (b) flagships initiatives key for the future of the textile and clothing industry like: ‘Innovation Union’, ‘An Agenda for new skills and jobs’ or ‘An industrial policy for the globalisation era’, etc..

On the specifics of the new industrial policy, Euratex can only be more than satisfied with the results:

- During the June 2010 General Assembly the European Commission Vice-President Tajani outlined the future lines for an EU industrial policy and highlighted his specific priorities for the sector, providing solid basis to continue working very closely with



EC Vice-President Tajani & President Peter Pfneisl

Commission services to ensure that the European industrial policy provides a framework contributing to the sustainable competitiveness of the textile and clothing industry in Europe.

- The flagship ‘An industrial policy for the globalisation era’ launched end 2010 has to be seen as a decisive step towards the expected partnership requested by the ACEI and Euratex. But it will only make a difference if it is implemented in a coordinated manner by the EU institutions, member states and business.
- Overall the communication on the future EU industrial policy has to be valued as very positive for the maintenance of the manufacturing industry in Europe and in particular for our industry. There are clear references to: (a) the key role of a strong, competitive and diversified industrial manufacturing chain for EU's competitiveness; (b) the fact that all sectors are important; (c) the need to consider the whole value and supply chain for all industries – including the creative ones, etc

- As said the communication is in line with Euratex main plea for an integrated policy approach and contains several specific references to the textile and clothing sector as well as to ideas advocated in Euratex contributions in areas like: (i) stimulating more innovation; (ii) promoting more efficient use of raw materials; (iii) reinforcing framework policies conducive to SMEs activities; (iv) preserving and promoting an EU qualified work force; (v) favouring the modernisation process of the industry; (vi) a global and fair trade for EU companies to preserve EU competitiveness.

Now the challenge will be to ensure coherence and sustainability among the policies to be developed. Hence the importance of: (a) effective and tangible links between the flagships of interest to our industry in the Europe 2020 strategy; (b) strong commitment from Member States and the European Parliament to support and enforce effectively the overall strategy; (c) ensuring that the points highlighted would be effectively and tangibly implemented and would contain important and useful measures for the benefit of the textile and clothing industry.

## The Euratex Action Plan

In 2010 EURATEX adopted a clear **action plan for the 2010-2011 period and beyond** whose pillars can be summarised as follow:

- 1. Foster a new framework for the Textile & Clothing trade policy:** EU textile & clothing Industry is striving to obtain an improved market access at sectoral level that enables Consumers worldwide to buy innovative and sustainable textile and clothing products at competitive prices. The elimination of all Tariff and Non-tariff Barriers is a priority which must be achieved through a multilateral or a bilateral approach. Commission negotiators should ensure that the textile and clothing industry gains sufficient benefits through out the bilateral or multilateral agreements and unilateral provisions. In this context it is crucial to obtain reassurances about the coherence between the EU trade policy and the EU industrial policy (at large) with a more coherent recourse to specific and independent impact assessments, across all policies, on the textile and clothing industry.
- 2. Obtain better coherence between the EU industrial policy (at large) and the EU trade policy.** Commission and Member States should ensure the EU textile & clothing Industry has a sound, reliable and balanced competi-

tive environment able to foster a sustainable growth and allow the development of the Industry's key competitive drivers: Knowledge, Creativity and Innovation. In this context the two main roads to be followed will encompass:

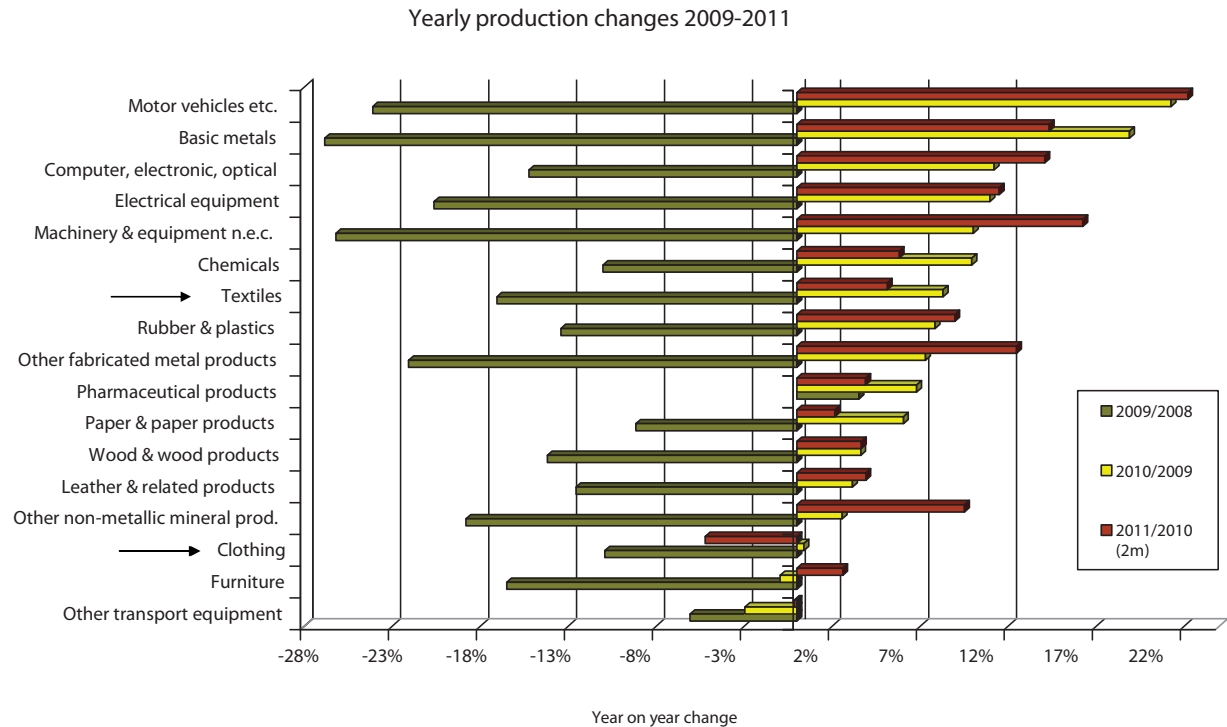
- a. Sustainability: should aim at creating a voluntary framework defining sustainability in the textile & clothing Industry which has to encompass best available practices in environment, energy and water efficiency, security, safety and social standards would be viewed as a positive sign from the Industry, overall improving our Image and at the same time generating new market opportunities.
- b. R&D & Innovation as the EU textile & clothing Industry has successfully mastered the challenge of globalization by investing in innovation and creativity as the basis for growth and business development. Being a knowledge driven Industry we believe our core competencies need to be nurtured by creating a favourable environment which promotes investment in R&D at the same time ensuring prompt and sustainable returns.

## 1. The industry reaction to the economic crisis

2010 can be valued as a “positive” year in production and turnover terms after two dreadful years, but the economic impact of the crisis was still tangible and industry did not yet come back to the pre-crisis levels. Contacts along the value chain confirmed the usefulness and the role played by the Temporary Framework adopted end 2008 by the Commission to mitigate the effects of the financial and economic crisis.

While Euratex did not undergo similar exercise as in 2009, to measure and value the problems faced by companies in their daily life, regular reports from members did show that despite improvements in the overall situation textile and clothing companies were still facing - even though in a less acute manner - the effects of the credit crunch and of the other problems identified the previous year. To this it should be added that markets – in the EU and abroad - were still fragile due to uncertainties linked to the unsustainable growth of the raw material prices.

All this reduced the positive impact reported by the textile and clothing companies benefitting from the special measures implemented by the local administration among which two were of particular impor-



Source: Euratex on Eurostat short terms indices

tance for the textile and clothing companies and did correspond to wishes expressed at national level: (a) the compatible aid up to € 500.000,00 per company (derogation to the *de minimis* regulation) which was in place in 23 Member States of which 10 are to be found among the Central and Eastern Europe members and (b) the export credit instrument that was activated in

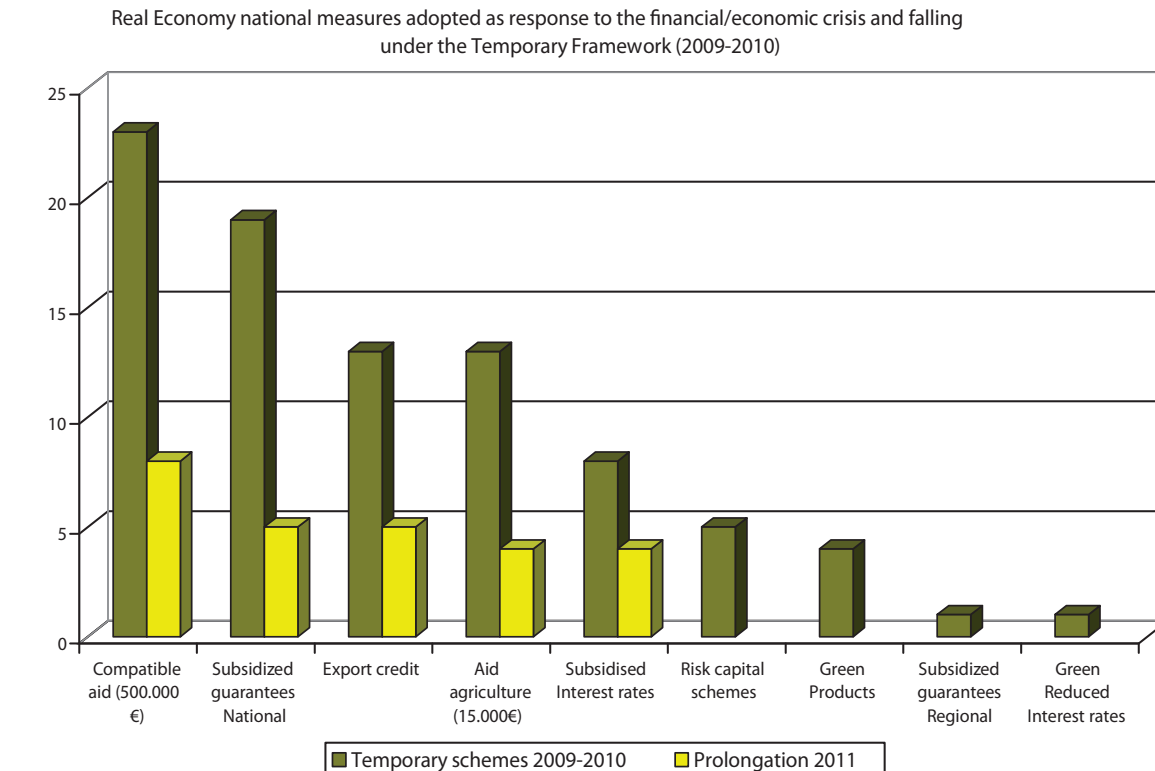
13 Member States of which only 4 were promoted by the Central and Eastern Europe states.

Both measures proved to be very useful in that they allowed companies and in particular SMEs to resist the adverse effects of the crisis. Such provisions did not create competition distortions in the Single Market but

in fact sustained equally the growing recourse to technological and Non Technological Innovation (NTIs) in particular in the “creative” textile and clothing industry to support business activity and the need to preserve market shares in export markets.

Mid-2010 it became obvious that the economic situation was less favourable than expected in 2008 when the decisions were taken to stop special support programmes by end 2010. It appeared that a sudden end of the temporary framework could threaten the fragile and uncertain economic recovery, in particular for SMEs in the creative industries like the textile and clothing sector. In that context Euratex acted toward the Commission and the overall industry in advocating the need to support economic recovery by extending the possible use of certain of the temporary instruments designed end 2008 in order to better manage the phasing out of those measures that had a substantial support and use throughout the Member States. Euratex plea focused on the compatible limited amount of aid provisions which has temporarily raised the ceiling to € 500.000,00 per enterprise over three years.

The plea for an extension by one year was acknowledged by the Commission late in the year and 26 of the 87 measures (30%) introduced in 2009-2010 were *prolonged until end December 2011* as requested by 12 Member States.



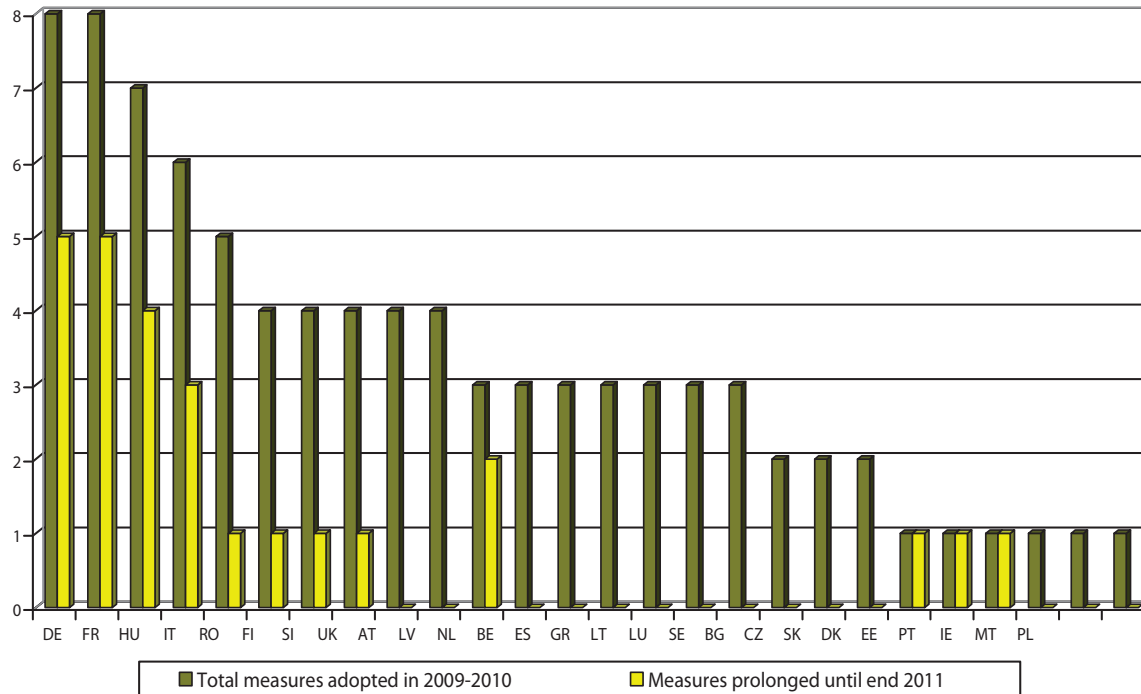
Source: EURATEX on MEMO/11/122 on “State aid: Overview of national measures adopted as a response to the financial/economic crisis”, Brussels, as of 20th March 2011

Interestingly the two measures of greater interest to the textile and clothing industry did represent half of the measures renewed - the compatible aid up to € 500.000,00 per company (35% of renewal) and the export credit in-

strument (38,5% of prolongation) - even though the overwhelming majority of those would be supported in the former EU-15 Member States (Denmark, Finland, France, Germany, Italy Netherlands, Portugal and UK).



Real Economy national measures adopted as response to the financial/economic crisis and falling under the Temporary Framework (2009-2010) by Member States



Source: EURATEX on MEMO/11/122 on “State aid: Overview of national measures adopted as a response to the financial/economic crisis”, Brussels, as of 20th March 2011

## 2. Textile fibres names draft regulation

Launched in 2006, the modernization of the directives relating to the textile fibres denomination and their

marking (96/74/EC and 96/73/EC) faced acceleration in 2009 when the Committee on the Internal Market and Consumer Protection (IMCO) of the European Parliament (EP) nominated Mr Manders (NL-ALDE – Alliance of Liberals and Democrats for Europe) as rap-

porteur. Since the start it appeared that there was a fundamental misunderstanding regarding the scope of the draft regulation. The EC Commission, the Member States, the industry and the retailers want to keep the scope as narrow as possible while modernising and simplifying the adoption of the new fibre names, the rapporteur, as well as other influent members of the IMCO committee took a completely different approach. In their views the Textile fibres names draft regulation is the opportunity to clarify, complete and improve the labelling system for textile and clothing products by “providing consumers with accurate, relevant, intelligible and comparable information on the characteristics of textile products”.

All along the first part of 2010, Euratex and its members developed intensive contacts with the MEPs in the hope to convince them not to follow the IMCO recommendations. Despite understanding and acknowledgement of our position, the IMCO report on the draft regulation was adopted in May 2010 in first reading by the Parliament in its plenary session, confirming the intentions of the MEPs to over-informing the consumer when buying garments in the EU.

As far as the EU Council is concerned, Euratex worked along the same line with the Member States and in a way managed to convince them of the need not to

divert from the original scope of the draft regulation. This was accepted by the Council late 2010 and by this vote launched the second reading procedure that should end during the first semester of 2011 with the hope that both actors would come to a common agreed text more in line with the reality of the industry needs. The battle will remain on the list of additional and extensive information requested (see box), an approach that Euratex opposed since the start as it could be counter-productive due to existing legislations in certain fields while in others such approach could be very divisive for the sector.

In 2011 Euratex and its members will have to work hard to convince the MEPs that in the second reading the original IMCO approach should be amended in such way to reduce the burden for companies while at the same time it should be ensured that Member States, in their attempt to find a compromise with the EP (to avoid the conciliation procedure) will not strongly water-down their principles.

- *EURATEX is of the view that the scope of the proposed regulation should not be extended to other labelling requirements or to other provisions that effectively fall outside of that scope. This regulation should only favour the development and the uptake of new fibres with a view of encouraging innovation*

## The new marking and labelling requirements as proposed by the European Parliament A dream team or a nightmare for the industry?

The new information requested by the European Parliament for Textile and Clothing products sold into the EU market	Improve consumers understanding of the additional information
<ul style="list-style-type: none"> <li>• The origin of Textile and Clothing products</li> <li>• The indication of animal-derived materials in a Textile and Clothing product</li> <li>• The care label based on an harmonised care labelling system</li> <li>• The size label based on an EU-wide uniform size labelling system for clothing and footwear,</li> <li>• An ecological label relating to the environmental performance and sustainable production of textile products</li> <li>• A social label to inform consumers about the social conditions under which a textile product was produced</li> <li>• Warning labels with regard to the flammability performance of Textile and Clothing products,</li> <li>• Any potentially allergenic or hazardous substances used in the manufacture or processing of textile products</li> <li>• Any potential allergic reactions due to synthetic fibres, colourings, biocides, preservatives or nano-particles used in textile products</li> </ul>	<ul style="list-style-type: none"> <li>• Electronic labelling, including Radio-Frequency Identification (RFID),</li> <li>• Inclusion of an identification number on the label which shall be used to obtain additional on-demand information about the product, for instance via Internet,</li> <li>• Use of language-independent symbols for identifying the fibres used for the manufacture of a textile product</li> </ul>

*in the textile and clothing industry and allow fibre users and consumers to benefit faster from innovative products.*

- *EURATEX is of the view that the new suggested provisions may end in over-regulating our industry while controls in the market will not be at the level they should be, not solving the objectives pursued by the legislator and increasing the burden on our companies.*
- *EURATEX considers that a debate on the topics identified by the EP cannot be avoided, but this should be done in separate instances to avoid mixing arguments while considering the existence of EU Regulations in certain fields.*

### 3. The Euro-Mediterranean dimension of the Industrial policy: a focus on the Balkan region

The Euro-Mediterranean region accounts for a major share of European textile and clothing exports hence Euratex focus on this area that received a new political impetus and dimension through its integration into the EU Neighbouring Policy. In 2010 Euratex looked more in depth on the opportunity to enhance and strength-

en the relations between the EU-27 and the Balkan area<sup>2</sup> in coherence with the 2009 Euratex advocacy for a more rapid integration of the Balkan states in the Mediterranean region.

Euratex attended several events organised by its members in Bulgaria and Romania to support the strengthening of the existing industrial base and to ensure a better presence of the sector in the new EU "Strategy for the Danube Region"<sup>3</sup> developed by the States under the coordination of the EU Commission. Such long term strategy was proposed in December 2010 to the EU Council and aims at improving the economic, social, environment and infrastructure development of the countries and regions along the Danube. The importance of the Textile and Clothing industry for the region is obvious but the local and national associations will have to battle to ensure that enough attention will be given to this industry that is key for the regional and gender development of the Danube region.

Moreover Euratex continued its work of strengthening and supporting the local textile clothing national asso-

<sup>2</sup> Albania, Bosnia and Herzegovina, Macedonia, Serbia, (Kosovo), Bulgaria, Croatia and Romania

<sup>3</sup> [http://ec.europa.eu/regional\\_policy/cooperation/danube/index\\_en.htm](http://ec.europa.eu/regional_policy/cooperation/danube/index_en.htm)



ciations in the South and Western Balkan region in order to better react to the opportunities and difficulties generated by access to the EU. In this context Euratex submitted a project for increasing and developing the competences and governance of the national textile & clothing associations' permanent staff and for better integrating them in an international network of associations. Thanks to Euratex experience (see table) and the support of the local partners, the Tex-Web project was accepted by the Commission and started end of the year for a two years duration - more information in the Project part of this report.

To complement such activities Euratex was invited to travel around Albania, Macedonia and Serbia to present to local actors in the industry an outline for a local/European strategy of development to better integrate

the region in the Mediterranean area while promoting the values and benefits of the social dialogue.

In parallel the discussion with the other Mediterranean countries is intertwined with much higher political shaped approaches like the Union for the Mediterranean region or the outcome of the early 2011 turmoil in the region. Euratex will remain vigilant to avoid watering-down the benefit of this region for the EU companies active in this industry. It is unclear what the EC Commission will promote in 2011-2012 but Euratex will participate actively into those events or activities where the Mediterranean industry would like to have a more active transfer of activities to their countries, something which remains an exclusive decision from companies.

- *Euratex remains committed to make the Euro-Mediterranean the cornerstone to the future development of the EU textile and clothing industry. In this context, Euratex together with EU authorities should explore and enhance the development of cooperation projects aimed at developing joint investments in T&C.*

## Euratex engagement with the Central and South Eastern countries of Europe 2000-2010

Program	Project	Period	European partners	Sectors	Beneficiary countries
BSP ° I & II	PARTEX & SEETEX	2000-2002	Euratex, Finland and Spain National Associations	Textile & Clothing	Poland, Lithuania, Estonia, Czech Republic, Hungary, Romania, Slovakia, Slovenia
	Perfect-link	2003-2005	Euratex + Cotance	Textile & Clothing; Leather	Poland, Lithuania, Estonia, Czech Republic, Hungary, Romania, Slovakia, Slovenia, Latvia, Bulgaria
BSP III	SEETAL	2008-2009	Euratex + Cotance	Textile & Clothing; Leather	Bulgaria, Croatia, Romania & Turkey
IPA °°	Tex-Web	2011-2012	Euratex	Textile & Clothing	<b>Albania, Bosnia and Herzegovina, Macedonia, Serbia, (Kosovo), Bulgaria, Croatia</b>

° BSP Business Support Programme; °° IPA Socio-Economic Partnership Programme

# Trade

Luisa SANTOS

**Summary:** 2010 was a year of world recovery, more visible in the emerging economies, after the extremely difficult economic and financial crisis of 2008-2009. The recovery was also felt in our sector with an uptake in world production and trade. This activity improvement led, in the second half of 2010, to increased pressure in **raw materials** and semi-finished products prices. The restrictive measures on Exports taken by some countries- India and Pakistan- have created further disturbances in the markets generating availability problems and favouring speculation. In parallel there were some initiatives aiming at suspending tariffs for some textile materials and semi-finished products to which Euratex strongly opposed. High on our agenda was also the revision of **Euratex Industrial and Trade Policy** to adjust it to the changes in the T&C business and competitive environment. **Trade Preferences to Pakistan** were once again on the table first in the form of GSP+ status- repealed due to the combined efforts of Euratex and its members- and afterwards

in the form of a Waiver still pending approval in WTO. **Bilateral Trade Negotiations** were once more central in our Trade actions with some Agreements being concluded- Central America and Andean- others being launched- Singapore and Malaysia- and others with continuing negotiations- Canada and India. Korea FTA implementation and the re-launching of Mercosul negotiations were also under our radar screen. Other issues in the spotlight were **Made In, Rules of Origin**-Printing on the Selvage, GSP and Euromed- and **Market Access**. In parallel the Commission revised its **Trade Policy** and launched the consultation procedures for the new **GSP Regime**. To note as well the two initiatives from the Commission directed to our sector- Workshops on the **T&C Industry after full liberalisation** and on **Technical Textiles**. Finally Euratex increased cooperation with other business organizations in key strategic markets- China, Taiwan- as well as in the EU.

## 1. Revision of Euratex Industrial and Trade Policy

In order to respond more efficiently to a changing business and competitive environment in the T&C Industry, Euratex launched an internal revision of its Industrial and Trade Policy. Two Working Groups- Trade Policy and Competitive Environment- were created to give inputs for a document which was later circulated among all members. After a large internal debate the final document was approved in the General Assembly of June 2010. Some of our Priorities: **(1) Attain new markets and develop new business opportunities;** **(2) Promote a better and wider access to high quality T&C products at competitive prices by removing all tariff and non-tariff barriers, especially in emerging markets;** **(3) Guarantee access to Raw materials and Public Procurement Markets;** **(4) Further integration and development of the Paneuromed area;** **(5) Ensure a competitive environment in the EU which is conducive to business covering finance, innovation and creativity, sustainability, training and knowledge promotion;** **(6) Improve coordination between different EU policies and actions with an impact on the overall business environment of T&C companies;** **(7) Ensure that Innovative and Creative activities are nurtured and legally sheltered in Europe.**

## 2. Pakistan

Once more Pakistan requested preferential access to the EU market. In a first stance the justification for the concessions were the efforts done by Pakistan in the war against terrorism and they would be granted by revising the GSP+ vulnerability threshold. Backed by economic arguments-**impact assessment of the concessions in the EU T&C Industry**- Euratex, its members and DG Enterprise managed to repeal the proposal. Unfortunately the terrible floods in Pakistan, later in the year, prompt some Member States and the Commission to propose once again preferential access to the EU market. After considering several possibilities the Waiver was the selected option with a considerable number of T&C products included. Although a major export product of Pakistan- bed linen- was excluded. Euratex once more expressed its opposition arguing that: **(a) trade concessions were not the best way to assist Pakistan facing the humanitarian tragedy; (b) humanitarian and financial assistance were preferable instruments to help the affected populations; (c) Pakistan T&C Industry was not located in the flooded areas and thus it was not affected by the catastrophe; (d) any trade concessions would only serve a restricted number of very competitive and highly performing T&C companies in Pakistan in detriment of**

**EU T&C companies and their workers;(e) the negative effects would also impact our preferential partners, in particular Turkey, and might jeopardize ongoing trade negotiations with India.**

Considering the Waiver needs an agreement from all WTO members the opposition and strong reservations of some countries- India, Bangladesh, Peru, Vietnam, Brazil- have managed so far to prevent its approval and subsequent implementation.

## 3. Raw Materials

This issue was a high priority for Euratex in 2010. In the beginning due to an initiative started by Italy that, under the context of Access to Raw Materials, asked in fact for a Tariff Suspension for certain Products. The objective was to allow EU Industry to have improved access -duty free- to certain products which were essential but no longer produced in Europe. Initially the scope was limited in our sector (only Silk Yarn) but it soon assumed a whole different nature with an enlarged product list covering a range of Textile Semi-Finished Products still produced in the EU. Euratex strongly opposed the measure based on economic grounds- **the products in the list were still produced in the EU and the elimination of Tariffs would not be overall beneficial for the Industry**- and on technical and legal grounds- **the specific procedure to deal with Tariff Suspensions was not followed.**

Due to our opposition and that of some Member States the initiative was blocked.

Later in the year the activity recovery led by emerging economies put additional pressure in the Raw Materials Market. The problem was aggravated by the restrictive measures implemented by some leading world producers-India imposing quotas on Cotton Fibre and Cotton Yarn and Pakistan imposing Export Duties on Cotton Yarn. This situation led to availability problems and steep price increases in a relatively short period of time. Euratex with the member's assistance



started to closely monitor the market and engaged actively in trying to solve the Export Restrictions, involving the Commission and Member States in these actions. In parallel Euratex participated in the Public Consultation on the [Raw Materials Initiative](#) led by DG Enterprise giving the preliminary views of the sector in this important topic.

### 4. Bilateral Trade Negotiations

This remained a major topic in Euratex Trade Agenda since the number of FTAs under negotiation increased with the inclusion of Singapore and Malaysia and the re-launch of Mercosul. Some agreements were also concluded in 2010- Andean and Central America.

#### • South Korea FTA

Most of the discussions were centred in the so-called **“Implementation Package”** of the Agreement since this was critical to obtain the approval from some Member States and also from the European Parliament. Euratex gave the input from our sector signalling the critical issues: **(a) Monitoring of Imports especially for products under Rules of Origin Derogation; (b) Industry should have access to the data on Imports and quota utilization; (c) possibility to use a Safeguard Clause in a swift**

**and effective way; (d) Industry should have the possibility to launch the safeguard procedures.** Euratex requested that the SIGL system should be used for the Derogation Quotas but the Commission insisted on the First Come First Served System handled by DG Taxud. For the rest Euratex demands were taken on board and the Implementation Package along with the Agreement were approved by the Council and the EP at the end of 2010. **This means the agreement will be applied provisionally as of the 1st July 2011.**

#### • Andean FTA- Peru and Colombia

This Agreement was concluded in 2010. In practice there are two agreements since the conditions are not exactly the same for both countries. This is particularly the case for Market Access. Since both countries benefitted already from Duty Free access to the EU market, under the GSP, our negotiation leverage was reduced. However we have managed to obtain, from Peru, duty free access from the entry into force of the Agreement for almost all T&C products. Colombia had a more defensive approach- more products under longer transitional periods- but the overall package can be considered as positive. We could not avoid exceptions/derogation on Rules of Origin- under a quota- but these are circumscribed to some tariff lines, mainly knitting products.

#### • Central America

The Agreement with Central America (Costa Rica, Guatemala, Honduras, El Salvador, Nicaragua and Panama) was also finalized in 2010. As it was the case with Andean Countries, Central American countries had already duty free access to the EU market. Moreover these countries are LDCs and for this reason they have requested from the EU to be given the same treatment as ACP countries in the critical issue of Rules of Origin. This meant that from the beginning Central America requested for Single Transformation for Clothing. Euratex always opposed this request which at a later stage was presented under a quota. Finally and due to our efforts and that of our members we have managed to limit derogations to 90 million pieces spread across knitted and woven garments and a fixed quota of 15 million pairs for socks- initially their request was for a derogation 240 million pieces and no limit for socks.

#### • India FTA

The negotiations progressed well in 2010 and it seems India is willing to open the market in our sector. Regarding [Market Access](#), after hard discussions, India accepted to include all T&C products in the negotiations and to abandon the negative list approach. Euratex updated the List of Priority Products, for which we would like to have duty free access from day one,

and we have asked also for short dismantling periods- not longer than 5 years. Moreover, considering the competitive strength of Indian T&C Industry, Euratex insisted that full reciprocity and symmetry should be observed. At the end of 2010 the discussions were only around a small list of products for which India was asking longer dismantling periods-7 years- and an asymmetrical treatment. Other major concerns were the [Export Restrictions on Cotton and Cotton Yarn](#) (at the end of 2010) which created important market disruptions. Euratex insisted to have the existing restrictions lifted within the FTA negotiations and to negotiate strict provisions in the Agreement text to prevent similar actions from occurring in future. Other issues still pending are: Rules of Origin, Additional Duties, Access to Public Procurement, NTBs and FDI restrictions in Retail.

- **Canada FTA**

Although with a promising start very soon these negotiations turned into a deadlock in our sector. Canada is taking a strong stance in T&C refusing to negotiate Tariffs until a compromise is reached in Rules of Origin. Regarding Rules of Origin Canada demands Single Transformation and is unwilling to compromise. This negotiating position of Canada is unacceptable for Euratex and the progress in 2010 was inexistent. On other important topics for us like IPR Protection

and Enforcement or Access to Public Procurement the steps forward were also minor.

- **Mercosul FTA**

The re-launching of negotiations with Mercosul is very positive considering the export potential of this region, in particular Brazil. Euratex strongly supports these negotiations which were immediately under fire from the Agriculture sector. No offer was exchanged in 2010 but Euratex had some contacts with the Brazilian Industry and the major problems in our sector were already identified- Rules of Origin (Mercosul wants Triple Transformation) and on Tariffs it remains to be seen if Mercosul is prepared to dismantle the high duties-35% for finished products- in a reasonable period of time.

- **Singapore and Malaysia FTAs**

These negotiations were launched in 2010 and in the case of [Malaysia](#) not much progress was done during the year. As for [Singapore](#) and as it was expected the main problem is on Rules of Origin. Since the country is a logistic hub with almost no industrial production they have requested for very flexible horizontal rules with a low value added threshold. Euratex opposed this proposal which was also refused by other Industrial Sectors.

## 5. Made In

This topic was once more on the table since the Commission revived the 2005 Regulation by consulting Member States on possibilities to overcome the impasse of 2005 through an Options Paper and later by sending to the European Parliament the draft Regulation of 2005 with no changes. Euratex conveyed several meetings to try to reach a common position from the Industry in this matter. Unfortunately the divisions of 2005 were even more evident in 2010 and it was impossible to attain a compromise position among Euratex members which prevented Euratex from expressing an official position. Following a Report by Italian MEP Cristiana Muscardini proposing some Amendments to the 2005 Regulation, the European Parliament decided to vote in favour of a mandatory “Made In” for all [End Consumer Goods](#) except for those originating in the EU, EEA and Turkey. The Regulation with the Amendments was later transferred to the Council for approval. The discussions among Member States are ongoing with a clear division in the 27 countries and a majority opposing the “Made In”. In parallel the “Made In” discussions were extended to the “Textile Names” Regulation with some MEPs requesting to have this information as mandatory in the label. Euratex always defended that the two subjects should be treated separately as the risk of having

the Textile Names Regulation blocked because of the “Made In” issue was high.

### 6. Rules of Origin

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This topic was central in Euratex Trade activities in 2010 for several reasons: **(a)** *Rules of Origin are key in FTA negotiations and in most cases our trade partners do not share our positions in this subject and as a consequence we end up with derogations;* **(b)** *Euratex started the internal work to revise the Paneuromed Rules of Origin;* **(c)** *The new Rules of Origin for GSP were finally approved;* **(d)** *The Commission issued a more flexible interpretation of the Printing Rule.*

Rules of Origin in FTAs- Euratex is trying to safeguard that Double Transformation Rule prevails in all FTA Agreements. This task is not easy as our negotiating partners try also to impose their rules according to their own industrial reality and established supply chains. The final compromise usually foresees some derogation but overall and so far the back bone is still double transformation.

Paneuromed Rules of Origin- we have started the internal work to revise the Paneuromed Rules of Origin taking as a basis the GSP Compromise. Our objective is to reach a compromise solution among Euratex members to be sent to EU Commission and later adopted as the EU proposal for our sector in the Con-

vention negotiations. Several meetings were held to discuss the issue and from the discussions it emerged that there are different views on the matter within Euratex. Some members request to go further than the GSP Compromise and they have presented a whole different approach, others accept the GSP compromise and others are against any change in the rules or they are conditioning such a change to a solution for the Printing Rule.

GSP Rules of Origin- the new GSP Rules of Origin were finally approved. The new Rules have entered into force the 1/01/2011 with the exception of the REX system which will not be immediately applied - transitional period from 1/01/2017 until 1/01/2020. Overall the Euratex compromise proposal was retained in the new rules for the normal GSP countries. However Commission and Member States have decided to agree on more flexible rules for LDCs.

Printing Rule/Printing on the Selvedge: following a new Commission interpretation of the Printing Rule, recognizing Printing on the Selvedge, and a subsequent meeting of the Customs Committee it became clear the existence of a division among Member States on which interpretation of the Printing Rule should be applied- the stricter or the more flexible one. As a consequence and in practical terms Member States are allowed to apply the Printing Rule according to their interpretation.

### 7. Trade Policy Revision

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The Commission has decided to revise its Trade Policy in 2010 building on the Global Europe Agenda. Euratex presented its official position on the Future Trade Policy focusing on: (1) **Bilateral Negotiations-FTAs** and what conditions should be followed in selecting the potential partners, negotiating Tariff and Non-Tariff Barriers and other relevant issues like IPR, Public Procurement, Investment or Access to Raw Materials;(2) **Market Access Partnership** needs to be strengthened, taking into account increasing problems in NTBs-Standards and Certification, Access to Raw Materials or “Buy National” Policies; (3) **GSP** has to be limited to Developing Countries, thus completely excluding big players like India or Brazil, taking into consideration the specificities of the T&C sector and the different levels of development in our sector-Graduation mechanism complemented with other aspects like Export Duties and barriers to Access Raw Materials, Public Subsidies, etc; (4) **Paneuromed** needs to be developed through further integration and common and harmonized Rules of Origin. In this framework Euratex met Trade Commissioner Karel De Gucht (September) to highlight these points and also to discuss the envisaged Trade Concessions to Pakistan.



Commissioner Karel De Gucht  
& President Peter Pfneisl

## 8. GSP Revision

There was an extensive discussion on the GSP roll over- extension of the current GSP until the new Regime enters into force- because the Commission wanted to change the GSP+ Vulnerability threshold from 1% to 1,5% in order to benefit Pakistan. This initial DG Trade proposal was withdrawn due to our efforts and those of DG Enterprise and the final Roll over proposal introduces no changes in the existing legal framework which will be in place until 31st December 2013 or until the new Regime is approved. Regarding the future GSP Regime Euratex official po-

sition in broad terms is: (a) inclusion of new criteria in the Graduation Mechanism and the GSP+ to cover sensitive topics like- access to raw materials, trade facilitation measures, protection and enforcement of IP Rights and FDI safeguard; (b) standstill in the remaining GSP conditions including the graduation and vulnerability thresholds; (c) improved monitoring of Good Governance and Sustainable Development conditions in GSP+.

## 9. Market Access Strategy

Market Access remained one of the major pillars in Euratex Trade Agenda. In this context several meetings of the T&C Market Access WG were organized and we continued to follow on a daily basis the problems reported by members and their companies. We have focused particularly: (a) Turkey- Import Registration a meeting was organized in Istanbul between the Commission, the Turkish Authorities, Euratex and Itkib. Euratex requested for the system to be withdrawn and although this was not obtained there was an engagement from Turkish Authorities to improve the system, make it less costly, more flexible and less time consuming for EU exporters. (b) CPSIA-USA the way the legislation is being implemented, the tests and compliance measures demanded from EU Exporters- particular emphasis on Silk Flammability; (c)

Access to Raw Materials: restrictions imposed by India on Raw Cotton and later on Cotton Yarns Exports and by Pakistan on Cotton Yarn (Export Duties); (d) Argentina Import Licence System- use the Mercosul FTA negotiations to solve the problem since all actions taken so far had no positive results; (e) China- Standards and Consumer Protection legislation: this remains an important problem and one of the major barriers T&C exporters are facing in the Chinese market

## 10. Commission events on T&C

- Workshop on T&C Industry after full liberalization: DG Trade invited Euratex, some of its members and the Retailers to a working meeting with the purpose of evaluating the Industry situation after full liberalization, future prospects and possible impact on Trade Policy.
- Meeting on Technical Textiles: during the Belgian Presidency of the EU a meeting was organized by DG Trade and Euratex with the support of its members (Fedustria, UIT and GTMI) to discuss the main problems faced by Technical Textiles companies when accessing Third Markets. During the meeting two companies operating in the area of Technical Textiles gave testimony of their main problems and

how Trade Policy could assist in creating an environment which is conducive to business.

## 11. International Cooperation

Euratex reinforced the relations and cooperation with organizations representing T&C Industry in important emerging markets. In this context we have held meetings with **Kofoti- Korea Federation of Textile Industries** to exchange information on the market, Trade Policy and Environment and also with **Abit- Associação Brasileira da Indústria Têxtil** in the fringe of the Mercosul FTA negotiations to exchange views on the Agreement.

Meetings were also held with the two organizations representing Chinese T&C Industry **CNTAC- China National Textile and Apparel Council** and **CCCT- China Chamber of Commerce for Import & Export of Textiles** to discuss the market situation, major barriers in the markets and areas of possible cooperation. Taking into account the importance of China and the surrounding area in T&C trade Euratex has signed MOUs with the two above mentioned Chinese organizations representing T&C Industry (CNTAC signed already in 2011)- and also with our Taiwanese counterpart **TTF- Taiwan Textile Federation**.



## 12. Relations with EU Institutions and other business organizations

Euratex deployed considerable efforts in reinforcing its relations with EU Institutions, in particular the European Parliament which now plays a decisive role in Trade Policy. Several meetings were held with the President of the INTA- International Trade Committee, Prof. Vital Moreira, and also with other MEPs according to the subject of interest. Regarding Council/Member States Euratex was invited by both the Spanish and the Belgium Presidency to make Presentations in the STIS-Trade Policy Committee regarding the situation in the T&C sector and our expectations in terms of Trade Policy. Concerning the Commission we have strengthened our relations with the DGs more directly involved in Trade and Industry matters- DG Trade, DG Enterprise and DG Taxud. We have also increased cooperation with other business organizations through an active engagement in common positions and initiatives, in particular *Businesseurope* and *ACEI- Alliance for a Competitive Industry*.

◀ President Peter PFNEISL in Taipei

# European Research and Innovation Policies

Lutz WALTER & Mauro SCALIA

The year 2010 was again a year full of opportunities for textile research in the EU **7<sup>th</sup> Framework Programme (FP7)**. Thanks to inputs provided by the European Technology Platform in earlier years, the FP7 calls in July 2010 contained several highly relevant research topics for the textile and clothing sector. Supported by the TEPPIES system and two project brokerage events hosted by Euratex, some 40-50 project proposals from the textile research community were submitted in late 2010 to the various thematic programmes. While some projects were already accepted for EU funding at the beginning of 2011, many others were still awaiting their evaluation results or were in some cases preparing for a second stage evaluation procedure. Hopefully some 10 to 15 new projects with a total EU funding of over € 30 million will start in the coming months as result of the 2010 FP7 calls. A new round of FP7 calls is expected again in July 2011. While the full details of the call topics are not yet known, first indications point to somewhat less relevant priorities for the textile sector this year, especially compared to the excellent year 2010. Euratex and the European Technology Platform will work again with the European Commission to ensure a richer opportunity set for textile research in 2012.



Another strategically even more important work of Euratex in 2010 concerned the monitoring and input provision for the development of the EU research and innovation policies and related programmes for the 2013-2020 period. This process started when the EC published the **Europe 2020** strategy in early 2010 and was followed up more specifically by the Commission's October 2010 communication on the flagship initiative **Innovation Union**. This document for the first time laid out the main lines of the EU's future research and innovation policies. Important elements

include (1) an integrated policy approach encompassing research and innovation, (2) a stronger alignment of priorities and funds along Grand Societal Challenges (3) more joint programming and funding by EC and member states, (4) a significant attempt to simplify and speed up administrative procedures. During the first half of 2011 the Commission will seek input from stakeholders before defining the upcoming research and innovation programmes in more detail. For this purpose a number of public consultations will be launched in which Euratex will participate actively to make sure the voice of the textile and clothing industry is heard. A **position paper** on the sector's views



towards the new EU research and innovation framework programme will be developed together with the textile research community represented by Textranet and AUTEX.

## 1. The European Technology Platform:

The European Technology Platform for the Future of Textiles and Clothing remains the flagship initiative of our sector in the field of research and innovation at European level. Also in 2010 the Technology Platform made significant progress on all its strategic objectives.

The **implementation of the Strategic Research Agenda (SRA)** progressed with the launch or preparation for launch in early 2011 of some 10 new FP7 projects. These projects concerned mainly new manu-



The **Governing Council** of the platform welcomed 5 new members during 2010 and now has the following composition:

Name	Organisation
CANONICO, Paolo	Saati, Italy
CHERIF, Chokri	Autex, EU
COSTA, Braz	Textranet, EU
HENDRIKS, Dick (Chairman)	Ten Cate Group, Netherlands
HEREU, Angel	Antex, Spain
JAKUBIAK, Piotr	Dywilan, Poland
JOHANSSON, Fredrik	FOV Fabrics, Sweden
MARCHI, Francesco	Euratex, EU
MARCHI, Massimo (Vice-Chairman)	Marchi & Fildi, Italy
PINHEIRO, Manuel	Tinamar, Portugal
SEZEN, Mutlu	Korteks, Turkey (CIRFS)
ŞİŞMAN, Ahmet	Hassan Group, Turkey
TANKERE, Jacques	MDB Texinov, France
Van TRIMPONT, Pierre	Desso, Belgium
WERDIN, Ernst Rupprecht	Textile Engineering, Germany
LIBEERT, Filiep	Honorary Founder Member of the Governing Council

facturing systems or product development concepts for technical textiles and fibre-based composites, new concepts for manufacturing customised clothing and fashion products for special needs groups and the collaboration of different European technology platforms. At the same time many of the early FP7 textile projects progressed towards intermediate or final project results. As a consequence the Technology Platform will intensify its effort to organise collective dissemination for these projects to bring their results faster to industry. This will take the form of a number of collective exhibits at industry events during 2011 such as the **Techtextil-Texprocess** fair in Frankfurt or the **ITMA** fair in Barcelona. In addition the Technology Platform will support a number of joint print and electronic publications which should be widely distributed to industry.



During 2010 the **CrossTexNet** project, the first textile-dedicated ERA-Net project which brings together 17 national or regional public research funding authorities from 11 European countries for joint support of cross-border projects, launched its first call for proposals. The call met significant demand with over 50 first stage proposals being submitted. Towards the end of 2010 12 projects were selected for funding worth a total of over € 10 million. The next call is being launched in the first quarter of 2011. More information about this project is available at [www.crosstexnet.eu](http://www.crosstexnet.eu).

In order to further increase the political clout of the textile platform and the broaden the access to funding opportunities across many parts of FP7, the collaboration work with related European Technology Platforms was further intensified in 2010. Of the 3 new projects approved in early 2010 to support cross-platform collaboration in areas of relevance for the textile sector, only the **NanoFutures** project started in late 2010. The textile platforms made some first inputs on the needs of the textile industry in the field of nanotechnology research. More information about this project is available at [www.nanofutures.eu](http://www.nanofutures.eu). The other 2 projects **PROsumer.NET** (collaboration in the field of consumer goods research, coordinated by Euratex) and **Building-UP** (collaboration of platforms related to construction research) faced administrative delays and are now expected to

start in the first half of 2011. In order to demonstrate to the Commission that there is a great need to pay more attention to research priorities of Europe's design-based consumer goods sector, the textile platform together with homologues in the footwear and sport goods industries staged a successful conference entitled "Designed to surprise" in February 2010 in Brussels. The event attended by some 130 participants showed clearly that these relatively fragmented and SME-dominated sectors (together with wood-based, ceramics, glass and other consumer goods manufacturers), jointly represent an important contributor to Europe's manufacturing employment and added value by innovating and investing constantly in new products, processes, technologies or business concepts. A first draft research and innovation roadmap was presented at this conference and a much more in depth work on this subject will be undertaken by the PROsumer.NET project.





▲ Representatives of the footwear, ceramics, textile, forest-based and sports goods sectors at the Consumer Goods Research Conference in February 2010.

Other technology platform collaborations which progressed independently of EU funding include **BioTex** for which a workshop on industrial application of biotechnology in the textile industry and a subsequent information session for the European Commission was organised in October in Brussels. In December Euratex



presented the work of the BioTex initiative at a high-level political event organised by EuropaBio, the European biotechnology industry association in Bussels.

Following first contacts established with the European Advanced Materials Platform (EuMaT) in 2009, a wider initiative entitled **Alliance4Materials** was launched in late 2010 in which the textile platform joined 5 other materials-related platforms to lobby for the maintenance of a strong materials research component in the future Framework Programme.

Following the very positive results of the **ManuTex** collaboration between the textile/clothing and machinery sectors, **EURATEX and CEMATEX**, the European textile machinery manufacturers association, signed a **memorandum of understanding** for even closer cooperation in the fields of research, innovation and industry image promotion at a ceremony held in Brussels in December 2010. One of the first concrete actions will be set-up of a European textile research pavilion at the ITMA textile machinery fair in Barcelona in September 2011. More than 30 European textile research organisations and some EU projects are expected to join this showcase facilitated by the European Technology Platform and strongly supported by CEMATEX, the owner of the ITMA fair.

◀ Lutz WALTER addresses the European Biotech event in December 2010.



▲ The Presidents of Cematex & Euratex sign the MoU in December 2010.

The 5<sup>th</sup> **Annual Public Conference** in April 2010 was again a great success with some 150 participants. The event was dedicated to highlighting the important national and regional dimension of textile research and innovation by showcasing the activities of over 20 national and regional clusters and platforms from across Europe. This event made it clear that the activities of the technology platform at European level represent just the tip of the iceberg with a very sound foundation at the national and regional level. It was especially interesting to note the very recent emergence of textile innovation clusters and platforms in the newer EU member states such as the Czech Republic or Hungary as well as the re-emergence of very proactive,



▲ Audience of the 5th Annual ETP conference in April 2010.

strongly industry-driven clusters in countries which had before witnessed major restructurings of traditional textile research infrastructures such as France, the UK or Sweden. The conference was jointly organised with the CrossTexNet project which held its first European-wide dissemination event in the afternoon of the second conference day.

Significant work under the **European Lead Market Initiative for Protective Textiles and Clothing** was dedicated to the organisation of the 2nd PPE Lead Market Conference which eventually took place with great success and more than 220 participants in the first weeks of 2011 in Brussels. For the organisation

of this event, 2 years after the first such conference took place in Hengelo, Netherlands in late 2008, Euratex and the Technology Platform joined forces with a number of eminent representative organisations of the European PPE value chain and its research community, namely ETSA – the European Textile Services Association, ESF – the European Safety Federation, the European Technology Platform on Industrial Safety and Centexbel, the Belgian textile research institute. Extensive information about this event including the full set of conference presentations (at a modest cost) are available at the conference website [www.ppeconference2011.eu](http://www.ppeconference2011.eu) In the first half of 2011 the Commission is scheduled to complete its final review after 3 years of pilot actions under the EU Lead Market Initiative and Euratex will provide the necessary

input to highlight the many positive effects this initiative had on the industry and research community concerned.

The above points provide only a small snapshot of the various activities and results of the work of the European Technology Platform in the year 2010. More information is available on the platform's public website ([www.textile-platform.eu](http://www.textile-platform.eu)) and the internal communication platform of registered experts which contains among other things an expert and project database and a document library will all relevant meeting and other documents.



## 2. Projects

- **eBIZ-TCF - Helping Fashion businesses going on-line**

The term **e-Business** relates to the electronic exchange of data and documents among companies in a supply chain. This allows transaction, and especially processing of orders, electronically with reduced human intervention, quickly and error-free, and thus brings significant time and cost advantages to companies. In the **Fashion supply chains** (Textile, Clothing and Footwear) e-Business is relatively little used for several reasons, particularly: lack of communication standards, use of non-compatible systems and predominance of SMEs with limited financial and technical resources.

To harmonise the use of e-Business and thereby boost e-Business in the Fashion industry, the **eBIZ-TCF** project was successfully completed in 2010.

Launched by the European Commission DG Enterprise and Industry and coordinated by **EURATEX**, **eBIZ** has **delivered a Reference Architecture** that



enabled e-Business communication between different companies of the supply chain. **The result has been successfully tested in real business operation among 180 European companies (ICT, manufacturers and retailers) in 20 European countries.**



Encouraged by the promising results in 2010 eBIZ presented its results in 8 events in Italy, Hungary, Belgium, Portugal, Spain and France.

Moving from the eBIZ success to a “single electronic language in the fashion supply chain” in 2011 the eBIZ partners will consider actions in cooperation with CEN (the European Centre for Standardisation) to upgrade results into a de-facto standard.

More information [www.ebiz-tcf.eu](http://www.ebiz-tcf.eu) or look for eBIZ-TCF on Youtube.

- **InnoWater**

This project led by the European Water Partnership to promote the application of innovative water technologies

across a range of manufacturing sectors including the textile industry started in February 2010. The main activity of Euratex during the first year was the organisation of a workshop on industrial water management challenges and current solutions in the European textile industry. Textile water experts from Belgium, Czech Republic, Germany, Italy, Poland and Romania



presented the current situation and trends in their respective countries and discussed with the InnoWater partners how the project could help stimulating the adoption of innovative water technologies in the textile industry. During the second half of 2011 and early 2012 a number of national roadshow events will be organised in these countries. More information is available at [www.europe-innova.eu/innowater](http://www.europe-innova.eu/innowater).

- **NuWave**

This project brings together European and national associations for textiles & clothing and textile machinery to support the design of a new generation of flexible and high-performance textile machines. NuWave completed an important part of its research work in 2010, the 2nd of 3 project years. In addition to the research work, the project also supports the further implementation of the ManuTex initiative. More information is available at [www.nu-wave.eu](http://www.nu-wave.eu)



- **TEX-WEB**

The objective of this new 2-year project, co-funded by the European Commission's IPA Programme, is to support textile & clothing industry associations in the Western Balkan countries through capacity building

# Tex-WeB

and knowledge transfer. The project concept is similar to predecessor projects such as SEETAL or Perfect-Link and involves textile and clothing industry associations from Albania, Bulgaria, Croatia, Macedonia, Serbia as well as Kosovo as associated partner. The project contract started on 1<sup>st</sup> December 2010. The kick-off meeting took place on 25-26 January 2011 in Brussels. First project tasks in 2011 will include a industry survey among the federation's member companies to better understand the trends and needs of the textile and clothing sector in these countries and the most relevant services that the federations could provide. This will be followed by the organisation of a series of specialised seminars on major aspects of the EU legal framework affecting our industry and companies in these countries seeking stronger links to the EU single market.

More information about the project is available at: [www.tex-web.eu](http://www.tex-web.eu)



▲ *Tex-WeB kick-off meeting in Brussels - January 2011*

# Economic reports and statistics

Roberta ADINOLFI

## 1. EC Policy in the Statistical field

On policy area, Euratex insisted, together with some members of the Alliance and other European trade organisations, on a clarification of some aspects of the **new Commission guidelines on the applicability of Article 101 to horizontal co-operation agreements - Competitive assessment of information exchange**. Indeed, Euratex and the Alliance members had been concerned with the draft version of the revised guidelines and decided to issue a joint position paper to express their strong reserves. This initiative proved to be successful as the HOR rules have been clarified by DG Competition.

Furthermore, Euratex continued to follow the Commission's work on the introduction of **simplification measures in the Community statistical field**, which is planned to go on with MEETS programme (modernisation and integration of enterprise and trade statistics) covering the 2008-2013 period. This programme is supposed to help to adapt business statistics to new needs and at the same time help to adjust the production system of statistics to reduce the burden on business.

Euratex participated to the **annual EUROSTAT-FEBI** (European Sectoral Associations) and made known that Eurostat decision to temporarily suspend this annual meeting will clearly jeopardize the Industry Business Associations' opportunity to influence the statistics process with the risk also of losing important information on the future development/simplification of EU statistics, legislation and classifications.

## 2. Economic & Statistical reports

Beside the lobbying activities, the economic & statistics department provided Members and other departments of Euratex with **economic and statistical reports** to support various files, for instance: Members subscriptions' rules, commercial policy matters - and more particularly that on the Rules of Origin, the General System of Preferences, FTA negotiations, Barriers to Trade, as well as Third countries trade monitoring.

Within the framework of its **regular analysis on the economic climate of the Textiles and Clothing industry**, Euratex released the "Statistics in Focus" publications which analyses the evolution of EU production, employment, new orders, retail sales, imports and ex-



ports during the January-December 2010 period. The aim of this short report, which is published on a quarterly basis, is to better monitor the economic situation of the European T&C industry throughout the year.

In addition to the short-term statistical reports, Euratex issued the 2009 **structural data** computed by Euratex using Members contributions. Those figures cover variables for the EU-27 and the other countries members of Euratex. An estimation of the 2010 structural data for the EU-27 Textile and Clothing industry can be found on the last page of this annual report.

In addition, the economic & statistics department also published a series of **bulletins** in 2010:

- *Bulletin n° 01/2010* provides detailed reports of the Economic situation in the Textile and Clothing Industry in 2009 as well as prospects for 2010 - These reports are written by Associations present in each EU-27 Member states, Bangladesh, Belarus, Brazil, Croatia, Egypt, India, Indonesia, Israel, Japan, Korea, Macedonia, Mexico, Norway, Serbia, Switzerland, South Africa, Taiwan, Thailand, Turkey and USA.
- *Bulletin n° 02/2010* includes, under part A, an analysis of **EU external trade in 2009**- global sector as well as countries that are the main suppliers or customers of the EU. It also evaluates the weight of regions and sectors in EU trade during the period under review. Furthermore, part B gives a special report with tables and graphs for each of the 33 main EU trade partners.
- *Bulletin n° 03/2010* provides an **in-depth analysis of the EU Textile and Clothing External Trade 2008-2009**. It includes trade evolution by sector (i.e. natural & man-made fibres, yarns & threads, woven & knitted fabrics, carpets, home textiles, occupational wear, men & women clothing), by products (around 140 products i.e.: cotton yarn, denim fabric, bed linen, woven trousers,.. ) and by EU trading partners (33 countries).

- *Bulletin n° 04/2010* (to be issued in May) gives an insight into the General Economic Situation in 2009 as well as short terms prospects for 2010. It includes EU consolidated changes, trade estimates and basic structural data (production index, production prices, turnover, investments, household consumption, retail trade and consumer prices).

### 3. EC Project

A Commission tender, relating to a study on the “**assessment of the situation of the T&C sectors in the EU and prospects for their future development**”, has officially been launched in 2010. The contract has been awarded by DG Enterprise and Industry to a consortium of researchers<sup>1</sup> to assess the situation of the sector and to suggest recommendations for its future development.

The contractors will analyse trends in research & innovation, restructuring, education & training, small and medium-sized enterprises (SMEs) difficulties and challenges with a focus in given EU region. This will provide an assessment of the overall competitive situation of our

<sup>1</sup> Consortium: Saxion University (leader - NL), CITEVE (PT), Institut Français de la Mode (FR) and Danish Technological Institute (DK) working with Workshop (IT) and Euratex as sub-contractors.

industry, its future prospects and key strategic challenges facing our companies that need to be addressed by policy makers at European, national and regional levels.

The reason for this study is the October 2010 EU Commission Communication on “An integrated industrial policy for the globalisation era” in which the T&C industry is the sole sector that would benefit from a specific Communication on key aspects of the competitiveness of the fashion industry, foreseen by end 2012. This is a quite remarkable achievement and an opportunity to be seized. To support such political document the study should bear its fruits by June 2012 by providing a set of policy recommendations that will serve as a basis for the expected Communication on our industry.

To better assess the current and expected future competitive situation of the T&C sector, an online survey, based on a multilingual qualitative questionnaire, has been sent to a variety of stakeholders across the EU-27 (Business Associations, Trade Unions, Research Centers, Educational Centers) and to around 800 T&C companies. Beside the survey, the Consortium is organising round tables and meetings with companies, research centers, universities and other local T&C experts in order to identify the main issues confronting T&C companies, and to analyse- in the selected EU regions- trends in research & innovation, restructuring, education and training.

# Social matters

Stéphanie LE BERRE

## 1. European Social Dialogue

The EU recognises social dialogue as one of the pillars of the European social model. The new article 152 of the Treaty on the Functioning of the European Union (TFEU) highlights the Union's commitment to promoting the role of the European social partners, and supporting social dialogue. Together with an improvement of the image of the Industry, being an active EU social partner is a prerequisite in several areas of Commission competence such as Education and Training while it provides access to a wide range of grants and loans opportunities at European level. In its July 2010 working document on the sectoral social dialogue, the Commission notes that the texts concluded within the framework of the European sectoral social dialogue have '*contributed to modernising industrial relations and to adopting new social standards*'. The current economic crisis has confirmed the importance of European social dialogue at both cross-industry and sectoral level, as well as the relevance of social partner initiatives tailored to the realities of companies and sectors.

Thanks to the Social Dialogue, Social Partners put the future of the Textile and Clothing (TC) sector in Europe at the centre of their 2010 concerns with the aim of



convincing the European and national authorities of the need to maintain a complete textile and clothing value chain in Europe. This strengthened the European Social partners collaboration, maintaining sectoral social dialogue in the textile and apparel one of the most advanced and complete at European level.

EURATEX was attentive to the concerns of its trade-union partner and to the issues tackled by the European Commission in the field of employment, social affairs, and education and training considering the ongoing difficult economic crisis touching Europe and our Industry. In the framework of their European Social Sectoral Dialogue EURATEX and ETUF-TCL agreed on a 2010 joint common strategy to tackle the crisis in our Industry.

### • **Social Policy:**

- Public procurement and social matters : promotion of the EU sectoral Guide “buying social”
- Restructuring: Followed project “Seeks/action for a better anticipation of restructuring”; Diffusion of the recommendations by the Two sides of industry and follow-up of their implementation
- Code of conduct: First exploratory discussion on the possible update of the “European framework agreement / code of conduct” EURATEX / ETUF:TCL of September 1997
- The joint project on Education and Training Observatories: launched in December 2008 to identify

and analyse the various national structures and to collect good practices for a possible duplication and synergies amongst these organisations

### • **Enlargement Policy :**

- Integrated Project II: Follow-up of the national action plans aiming at favouring capacity building of social partners to structure themselves at sectoral and national level and to encourage them to take an active part in the EU sectoral social dialogue;
- EU Workshop “Consolidating the Legal and Institutional Foundations of Social Dialogue in the Countries of the Western Balkans and Moldova”- Albania and Macedonia

### • **Industrial Policy:** follow-up of industrial policy with

- the view of ensuring a much more even re-launch of the demand irrespective of the sector to avoid discrimination among companies and workers;
- Skill needs in the Textile and Apparel Industry: follow-up of the activities of the EU Commission following the study analysing the need for skills in the Textile and Apparel Industry (flagship initiatives)
- Intellectual Property and fight against counterfeiting: participation and follow-up of the social partners of the EU IPEUROPAWARE project to the benefit of SMEs - more information in the Intellectual Property part of this report.

- Joint Project on REACH: helping SMEs -in particular in the new member States and candidate countries - to adapt to REACH with a joint training using specific toolboxes for employers' and trade unions' representatives explaining REACH.
- **Commercial Policy:**
  - Discussion on a possible Joint Euratex / CEC / Cotance / ETUF:TCL declaration on the impact of the financial crisis following this 2020 Strategy
  - Trade sustainability impact assessments (TSIAs) and monitoring mechanisms: consultation on initiatives to evaluate and review TSIAs, and ongoing study project for the Commission on effective TSIAs and monitoring mechanisms
  - DDA: Industrial Tariffs and Non-tariff Negotiations
  - Origin marking

## 2. Other Social Initiatives

Amongst these various topics, several events and initiatives occurred in 2010 can be particularly highlighted:

- **Anticipation of Changes in the Textile and Apparel Industry:**

In 2010 social partners made a second evaluation of the follow-up of the joint recommendations on 'better anticipation and management of change' adopted

at the sectoral social dialogue at European level end November 2007, and formally signed end May 2008. With those recommendations, Social partners showed their conviction that this industry has a future in Europe, but that it should rely on increased Innovation, Research & Development, creativity, reactivity, and training, the social partners emphasized the need to better anticipate changes in the sector, in a proactive manner and within the social dialogue at all levels. A little over a year later, the evaluation enriched the discussion thanks to (a) new evidences and best practices within and outside the sector and (b) the identification of the first follow-up actions carried out in ten EU countries, despite the impact of the financial crisis that has severely affected the TC industry.



- **The EU feasibility study on the creation of Sector Councils Employment & Competences:**

The EU Commission applauded our Industry for the work done so far in the framework

of the EU Sectoral social Dialogue and highlighted that the EU Textile and Clothing sector was one of the most active and advanced sector in the EU social dialogue. This is one of the reasons why the EU Commission-DG Employment decided to launch a feasibility study on the creation of Sector Councils Employment & Competences<sup>1</sup> identifying this Industry as one of the possible pilot sectors. The study concluded that the setting-up of successfully operating EU level Sector Councils could be rated as high, provided the appropriate conditions were respected, and recommended the Commission to:

- proceeds with promoting EU level Sector Councils for Employment and Skills
- initially focuses on information exchange,
- accompanies by and a more limited support line for policy development

After the final conference on the Joint EU project of Education and Training Observatories, it appeared that the creation of such network of national organizations could be the starting point of a Sector Council in the TC sector. Together with the EU study on 'skills needs

<sup>1</sup> Sector councils are platforms at sector level where stakeholders seek to gain insight into the likely developments in employment and skills needs, with the aim of assisting policy making within or for this sector. These kinds of Sector councils exist in approximately half of the Member States.



in Textile and Clothing', these initiatives could give the EU Commission and the Social partners a lot of forthcoming opportunities to intervene in favour of SMEs of our sector in the near future.

A second project, limited in duration and amount, supported by the Commission provided a useful follow-up to the Social partners by:

- **Setting-up a preliminary study** to the materialize the networking of existing textile and clothing TC observatories, in order to propose solutions to strengthen the collection and use of information that exist today, in 8 countries, but also to disseminate good practices to other countries and in particular, to the new Member States / candidate countries and their SMEs;
- **Organising a roundtable bringing together networks of actors and experts from the TC sector**

**and of the Leather industry**, especially in the field of the identification of skills needs in those industries. The aim was to finalize - based on the results of the keynote study and relevant documents/information - the project of establishment of an European network of observatories in those industries. The **objective** of said network would be to promote investment in skills and improve the image of TCL sectors. The network should ensure data comparability in particular in terms of classifying jobs and qualifications. Scope: EU-27 +, including Turkey in particular. The external (EU) funding would pertain to the launch (2 years). Finally, this network could, in the medium/long term, contribute to the discussions/work of the **TC Sectoral Council for Employment and Qualifications to be created.**

- **Sustainability impact assessments and social issues**

EURATEX was invited by the European Commission DG employment and social affairs to take part to **multi-sectoral social dialogue meetings on trade sustainability impact**



**assessments and trade policy.** The main purpose was to present to social partners the interim results of the ongoing study on *'Trade and labour: making effective use of trade sustainability impact assessments and monitoring mechanisms'* and discuss our views and suggestions on how to: (a) enhance the consultation process and (b) strengthen stakeholder participation in trade impact assessments and monitoring mechanisms. Discussions covered related questions of capacity-building and involvement of social dialogue committees where relevant. The meeting finally provided an opportunity to update social partners and social dialogue committees on EU trade policy in general and on recent developments and ongoing public consultations in relation to trade sustainability impact assessments (e.g. EU-Japan FTA...etc.)

- **Uzbekistan cotton and child labour**

For more than a decade human rights groups have highlighted state-sponsored use of child labour in the cotton industry in Uzbekistan. Uzbekistan is the world's third biggest cotton exporter, shipping out 850,000 tons per year. Its cotton industry is worth more than a billion dollars annually. But more than 90 percent of the harvest is carried out by hand and state authorities organize the use of child labour en masse to ensure harvest quotas are met. EURATEX participated in several meetings with the



European Commission, the International Labour Organisation (ILO) and several NGOs to contribute to ideas on ad-

addressing this, particularly through the EU policies.

Because of the clear violation of human rights and ILO standards in this particular country, but also due to the difficult context of raw materials supply chains, EURATEX and its social partner ETUF:TCL officially and jointly condemned this practise but also agreed to concentrate their efforts during their social dialogue on how to tackle this issue.

- **Fight against trafficking in Human Beings**

In 2010, The Belgium EU Presidency, together with the European Commission, organized on the fourth EU Anti-Trafficking Day 18 and 19 October the conference 'Towards a multidisciplinary approach to prevention of trafficking in human beings, prosecution of traffickers and protection of victims?'

The Stockholm Program and the Action Oriented Paper on human trafficking emphasized the four 'P' principles of Prevention, Prosecution, Protection and Partnership. The main objective of the Conference was to

highlight the goals and to translate them into concrete actions and measures.

EURATEX actively participated in the preparation and the animation of the panel dedicated to Industries during this event, in coordination with the European Commission, and with a full mandate from its EU Social partner ETUF:TCL. EURATEX reminded the main difficulties encountered by European companies to fight against illegal competition from some companies exploiting human beings for commercial purposes. The question of the link with other illegal activities, like counterfeiting and piracy, has also been raised, while recalling the need for a better coordination of all the public authorities (police, justice, customs, economic and financial authorities) to help companies to tackle this issue.

This event was followed by the adoption of a new EC directive on prevention and combating trafficking in human beings and protecting its victims<sup>2</sup>, as well as



the nomination of an EU Anti Trafficking Coordinator, who will provide for an overall strategic and policy orientation in the field of trafficking in human beings<sup>3</sup>.

At the end of 2010 it was clear to EURATEX that in addition to the EU Sectoral Social Dialogue with the EU Trade Unions, the Industry should have to pay more attention and to deploy political assets in areas such as Education, Training, Corporate social Responsibility, and networking/clusters' activities in 2011.

<sup>2</sup> Directive 2011/36/EU on prevention and combating trafficking in human beings and protecting its victims in the Official Journal of the European Union -OJ L 101, 1 15.4.2011. The new Directive takes a victim centered approach, including a gender perspective, to cover actions in different areas such as criminal law provisions, prosecution of offenders, victims' support and victims' rights in criminal proceedings, prevention and monitoring of the implementation.

<sup>3</sup> On the 14th of December 2010 the European Commission appointed Ms Myria Vassiliadou to serve as Anti-Trafficking Coordinator.

# Intellectual property and fight against counterfeiting

Stéphanie LE BERRE

In 2010, the EU Commission EUROPE 2020 Strategy singled out Innovation in its broad definition as one of the key drivers that can help Europe get out from the current crisis and also prepare its economy for the next decade. Among the ways to succeed modernising and strengthening the EU's industrial capability, the Intellectual Property Rights and the protection/promotion of creativity were outlined as key for success of such strategy. With that in mind, the implementation of the recommendations of the 2006 High Level Group on Textiles and Apparel made this industry a pioneer in this area of activity both in the context of the Single Market and of the EU External trade policy.

## 1. IPR in the Single Market

- **Enforcing and enhancement of Intellectual Property in Europe: EU Council Resolution and Gallo Report at the European Parliament**

In 2010, EURATEX concentrated its efforts to convince Members of the European Parliament of the positive impact of the enforcement of IPR through new EU legislation.

The discussion on the draft directive on enforcement of IPR (including the question of criminal offences in IP

matters) was blocked in 2008-2009 by a few members of the European Parliament (MEPs) more concerned by the possible limitation of civil liberties or to "harassment" of consumers (linked to the question of downloading music, films or software). At that time some lobbies were against such draft as it was applying to wilful, commercial or intentional violations of trademark or copyright laws. The EU Commission DG JLS (Justice, Liberty and Security) ordered an "Impact assessment on a possible modified proposal on criminal measures aimed at ensuring the enforcement of intellectual property rights".



- *EURATEX position towards the MEPS was that the Textile and Clothing industry absolutely do need criminal sanctions at European Level, be them harmonised or not is another matter.* This question of criminal sanctions was also included in the draft ACTA to the request of the EU representatives, in Section 3: Criminal Enforcement. For those reasons, EURATEX supported the Report drafted by the French MEP Mrs Marielle Gallo (EPP), and welcomed its adoption by the European Parliament in September 2010.

This report encourages the Commission, the Member States and stakeholders to analyze and implement effective public awareness campaigns in relation to the impact of counterfeiting and piracy on society and on the economy and to pursue ongoing dialogues and to seek agreements on voluntary practical measures aimed at reducing counterfeiting and piracy in the internal market, both online and offline.

- EURATEX also welcomed and followed the adoption of the Resolution of the European Parliament on *enforcement of intellectual property rights* adopted on 22 September 2010 and asking to the European Commission for a more coherent and efficient IPR

Strategy at European Level. The European Commission answered to this request on 8 December 2010, by announcing a forthcoming Action plan (Spring 2011), focusing on:

- A proposal to extend the task of the European Observatory against counterfeiting and piracy and to provide it with a sustainable structure
  - An improvement of the cooperation between national authorities
  - A reinforcement of the legal framework by the evaluation and the review of the Enforcement Directive (2004/48/EC)
  - A proposal for promotion and strengthening of the stakeholder dialogues on counterfeiting goods sold on internet
- **Making SMEs aware of their rights : follow-up of the IPEUROPAWARE project**

Since 2008, EURATEX plays an important role in the development of the EU Commission's IPEUROPAWARE project. In 2010 EURATEX focused its efforts and energies on the dissemination of the multilingual manuals in order to raise awareness and provide information of Textile and Apparels SMEs on the protection and enforcement of their creativities all over Europe and also in some third countries. This guidebook (17 country fiches, 6-8 pages each) translated into French, Italian, English, German, Romanian, Bulgarian, Greek, Hun-

garian, Lithuanian, Czech, Spanish, is downloadable from the EURATEX website: <http://www.euratex.eu/content/european-guidebook-intellectual-property-textile-and-clothing-industry>



• **The European Observatory against counterfeiting and piracy:**

With regards to role of the Observatory and the experience of our organisation in the area of IPR and the fight against counterfeiting and piracy, the EU Commission invited EURATEX to take an active part in the **sub group on 'existing legal frameworks'**. EURATEX contributed to the subgroup which finished the **comprehensive** review of national implementations of the Directive in 2010, and started to focus our efforts in proposing solutions in the field of: criminal sanctions, cross-border injunctions, cross-border recognition of Judgements, cross-border taking of evidence, and criminal IPR Enforcement.

- EURATEX position regarding damages is that these should be applicable in every Member States and should compensate the right holder for the totality of the losses including for loss of profits. For the moment, national implementation regimes often fail to respect the above principle for example: Netherlands, Spain or the UK. For the industry, Member States should: (a) ensure that all elements are compensated regardless of the infringement on a commercial scale; (b) provide lump-sum damages (equivalent to double the licence fee) as an alternative to lost profits; (c) implement rules for awarding damages and costs in IPR cases that ensure that no economical benefit of an infringement remains. In this context, a few specific corrective measures can be put into practice like: the removal of the products; the destruction of the products; the costs for destruction and storage have to be borne by the infringer or good faith should not be normally considered valid defence for the infringer for avoiding the costs of destruction.



**Regarding other activities, EURATEX** actively cooperated with the Observatory in a number of activities, like (a) the exercise identifying structures and

frameworks currently in place to combat IP infringements, within Member States or (b) the development of a credible and reliable methodology on collecting data on counterfeiting and piracy,

Finally, as stressed by the **Gallo report** (European Parliament), EURATEX drew the attention of the EU Commission that it would be necessary to clarify the tasks which are to be entrusted to the Observatory, as the success of this new structure will largely depend on the involvement and cooperation of all stakeholders, including the national authorities, rights-holders, consumers' organisations and the industries concerned, in order to increase transparency and avoid duplication of effort.

## 2. IPR at the EU borders & at International level

- **Follow-up of the negotiations on the Anti-Counterfeiting Trade Agreement (ACTA)<sup>1</sup>**

Strongly solicited by EURATEX and the Industry in general, the European Commission agreed in 2010 to communicate in a restricted way the contents of the

<sup>1</sup> ACTA: Anti-Counterfeiting trade Agreement (ACTA) This Agreement is negotiated by Australia, Canada, South Korea, United Arab Emirates, United States, Japan, Jordan, Morocco, Mexico, New Zealand, Singapore, Switzerland, and the EU

discussions in progress which are of importance for our industry. Early October 2010, following the publication of the draft ACTA agreement resulting from the and the final round of the negotiations, *EURATEX*, in close collaboration with several European organisations and a few MEPs, concentrated its efforts to convince the European Parliament of the *need to adopt the Commission's position on this document for a better protection and defence of IPRs at international level as well as to make current standards more effective*. Indeed for the first time ACTA aims to establish a comprehensive international framework that will assist Parties to the agreement in their efforts to effectively combat the infringement of intellectual property rights, in particular the proliferation of counterfeiting and piracy, which undermines legitimate trade and the sustainable development of the world economy. It will include state-of-the-art provisions on the enforcement of intellectual property rights, including provisions on civil, criminal, and border enforcement measures, robust cooperation mechanisms among ACTA Parties to assist in their enforcement efforts, and establishment of best practices for effective IPR enforcement.

- **Protection of creativity at the borders: EC Regulation 1383/2003 and its review**

In 2010 the European Commission's DG on Customs and Taxation (TAXUD) carried out the review of

the Council Regulation (EC) No 1383/2003<sup>2</sup> on customs action against goods suspected of infringing certain intellectual property rights and on



the measures to be taken against goods found to have infringed such rights. Depending on the review of the regulation and the results of this consultation TAXUD intended to propose revised language on this regulation. The goal of this consultation was to get input from all interested stakeholders on the issue of customs enforcement of IPR. Particularly, input was being sought from: IP right holders and their business associations, economic operators, specifically those providing services related to international trade of goods (shippers, carriers, consignors, customs declarants, holders of customs procedures, holders of customs warehouses, etc) and consumers. EURATEX participated to this consultation and discussion amongst stakeholders. In reality, DG TAXUD (Customs) was concerned by the fact that Brazil and India launched a WTO dispute against the EU and the Netherlands over the seizure of generic drugs in transit; Their complaint was attacking directly the EC Regulation 1383/2003, as it was pro-

<sup>2</sup> EU Regulation 1383/2003 of 22 July 2003 published in the OJ - L 196 of 02.08.2003

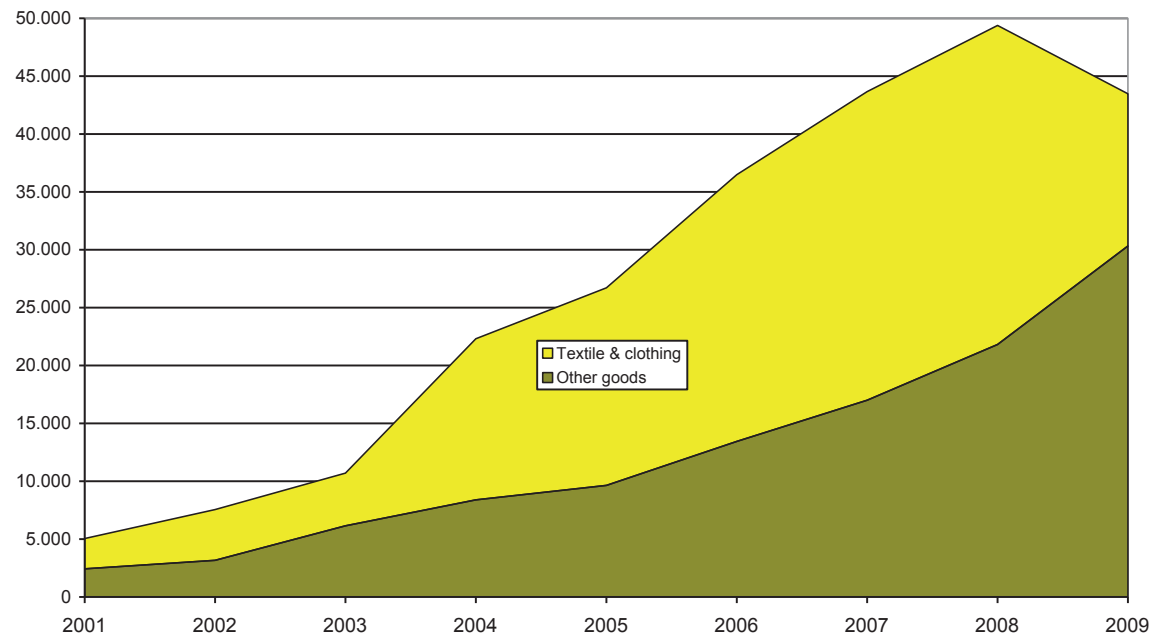
viding with the possible control of goods in transit (and not only import and export; cf. TRIP's minimum) To the view of these countries, goods in transit should not be considered in the customs control against counterfeiting as the goods are not strictly "commercialised" in the country in question.

- EURATEX strongly advocated for the possibility to maintain the control in transit of suspected goods, as very often this was the only way to stop infringing textile and clothing products coming from third countries (i.e. China) with final destination the EU or American Market (or other valuable markets for our companies)

EURATEX also asked the Commission to support the Spanish Customs' proposal that the Regulation be amended to allow Customs to seize **parallel imports**. Rather than put parallels specifically into the text, the idea was to remove the words in Article 3 that take them *out* of the scope of the Regulation so that Customs could control them if they wished.

In 2010, EURATEX also discussed with the EU Commission how to implement the 2009-2010 Action Plan on the acceleration of the fight against counterfeiting and piracy at international level through consumers' awareness. This was supported by the European

**Customs statistics and Counterfeited goods: number of cases of intercepted goods**



Council in its March 2009 resolution regarding "EU Customs Action Plan to combat IPR infringements for the years 2009 to 2012".

i.e. 13.141 procedures for the year 2009 (on 43.472 procedures; more than 30% of all customs interventions).

According to the last statistics available (see table) in July 2010, Textile and clothing products, despite some improvements, are still remain by far the products that generate the highest number of customs procedures,

In 2009, the main countries of origin or provenance of textile and clothing (and accessories) counterfeiting was China with more than 72 % (47 % in 2005), followed by Turkey (6%) and Poland (5%).

	2001	2002	2003	2004	2005	2006	2007	2006/ 2007	2008	2007/ 2008	2009	2008/ 2009
<b>Quantity of goods intercepted</b>												
Total goods	94.421.497	84.951.039	50.314.886	103.546.179	75.733.387	253.041.066	79.076.458	-60%	79.076.458	126%	178.908.278	-34%
Textile goods	4.782.672	9.243.074	1.892.924	7.827.951	10.982.915	30.256.061	17.783.130	-41%	17.742.298	0%	7.955.344	-55%
Of which:												
Sportswear	340.432	378.252	259.322	1.017.597	3.003.630	1.084.293	1.441.502	33%	6.333.913	-23	6.292.154	0%
Other clothing	1.795.834	3.067.583	912.930	1.572.446	4.261.900	4.283.805	5.025.682	17%		4%		
Clothing accessories (bags, glasses, belts...)	2.642.406	5.797.238	719.691	5.237.908	3.717.386	24.887.963	6.290.642	-75%	4.999.714	-20%	486.504	-90%
<b>Number of cases</b>												
Total	5.056	7.553	10.709	22.311	26.704	36.486	43.671	19%	49.381	13%	43.472	-12%
T/C	2.628	4.380	4.559	13.928	17.068	2.3040	26.670	16%	27.562	3%	13.141	-52%

Source: DG TAXUD

- Enforcing and enhancement of Intellectual Property in third countries: participation to IP dialogues**

The European Commission is engaged in constant IPR enforcement actions with countries where European companies face difficulties with the protection of their rights. To that effect, and within the frame of existing trade and/or cooperation agreements, regular **IPR Dialogues** with the enforcement authorities of the respective countries (customs, justice, culture, IP offices, etc.) is sponsored.

The purpose of such dialogues is: to address problems that EU industries encounter in their daily operations; to exchange best practices and to address concrete issues with a view to their resolution. To be effective the EC Commission should be briefed and backed by the industry. In 2010 Euratex was very active in providing specific inputs for the following markets: Russia (existing discrimination between Russian and Foreign companies; current threats on Trademark protection), China (conditions for granting patents, new rules for inventions based on double patenting for utility models

and invention patent) , and USA (designs and copy-right protection in the USA)



- **Protection of creativity in China :**

**IPR II Project:** after the 2007 launch and the establishment of annual work plans with China, EURATEX followed closely the activities of this project. OHIM was the primary provider of trademark and design expertise in the framework of this IPR2 project and this has translated during 2010 into a number of milestones including a training programme; two study tours; a

conference; an international seminar and support to the EU-China IP dialogue framework as well as the launching of a new e-learning module. For further information: <http://www.ipr2.org>

**China IPR Helpdesk:** Throughout 2010, EURATEX followed the activities of the Helpdesk team, which focused on developing additional specific China IPR

guides and also began to develop a series of e-learning modules which will address individual areas of IPR. Building on the achievements of a pilot project carried out in 2008-10, the China IPR SME Helpdesk will continue to provide free, practical first-line IPR advice and services to European SMEs working in or with China. More information on the China IPR SME Helpdesk is available at [www.china-IPRhelpdesk.eu](http://www.china-IPRhelpdesk.eu)



# Environment

Adil ELMASSI

## 1. Climate

### Emission Trading System (ETS):

An Analytical report in the light of the International negotiations on the situation of energy-intensive industry concluded that Copenhagen has not changed much for energy intensive industries. The decision to counteract carbon leakage by means of free allocation as foreseen remains fully valid.

Moreover, The Directive contains clear criteria on the determination of benchmarks:

- Product benchmark covering around 75% of eligible emissions
- Fallback approach for non-benchmarked products with either heat-based energy benchmark covering around 20%, fuel-based energy benchmark covering around 5%, process emissions covering less than 1%

The principle laid down in ETS Directive is one product = one benchmark, i.e. no differentiation for how a product is produced (different technologies for producing the same product) with what input (different types of raw material or fuel) and where (in which Member State).

It should be noted that total amount of free allowances for industry is limited (fixed in the Directive). The European Commission will ensure that this maximum is not exceeded and there will be a calculation and ap-

plication of a uniform cross-sectoral correction factor if necessary. The deadline in the Directive was the 31 December 2010 although it is known now that this will be delayed to March/April 2011.

*☞ On the back of all these, the Textile industry needs certainty on the amount of free allowances for 2013-2020. Euratex expressed its fear on the possible higher cost of electricity and costs in general if the compensation is not balanced; and at the same time satisfaction on the decision to allocate the compensation to the consumer industries and not to the producers of heat. For the co-generators the allocation will only be on the heat and not the power.*

### Climate Change and CO<sub>2</sub> Footprint Product Labelling

This is increasingly being debated as part of the Climate Change and Sustainable Consumption and Production (SCP) agendas. Policy initiatives are underway and require therefore close consideration. The importance of providing reliable environmental information about products to consumers is admitted by all. To this end, labelling can play a role to inform consumers about product characteristics.

*☞ However, EURATEX strongly questions the relevance and the feasibility of moving towards mandatory CO<sub>2</sub> footprint labelling of products.*

Concerning the latter, its focus is limited to the amount

of greenhouse gas that enters the atmosphere as a result of the production, use and end-of-life of a product. Although it addresses one of the key challenges facing society today, it neglects all other environmental factors. Therefore, it could give a biased picture of the environmental performance of a given product.

Moreover, a worldwide consensus on a methodological framework for measuring CO<sub>2</sub> footprint of products needs to be determined as well as an agreement on how to communicate the information. Therefore, a broad reflection and in-depth stakeholder consultation on the future of the EU environmental information policy should be pursued with a view to achieve a genuine coherence and consistency to avoid the distortion of the internal market and the effects on market access worldwide.

## 2. Sustainability

### The Environmental Footprint of Textiles

On the face of the Environment Policy challenges, addressing the environmental footprint of textiles has become a necessity. The goal is to give an insight to the environmental impact of the whole tex-



tile chain in which users can compare environmental impact of processes or products and establish the environmental impact of own processes. In this way, the entire chain can be monitored. The development of such a tool should provide fast calculation of the environmental impact of the activities based on a combination of own and/or standard data given therefore an insight where biggest gains can be reached. The impact of alternative strategies may also be calculated in a short time.

### Sustainability in the Apparel and Textile Industry

As suggested during EURATEX 2010 General Assembly and reconfirmed by the Board of EURATEX and the Directors General meetings during the course of the same year, EURATEX prepared a Communication on a voluntary sustainability framework for the industry. The Communication does take stock of progress with EU Policies in the area of sustainable development and provides input for reflection and debate on how to meet the challenges in our industry.

Euratex believes that such a voluntary sustainability framework for textiles will help raise awareness of the progress made since decades toward a sustainable industry, will provide a positive image of the sector, will help influence future policies and strengthen the international dimension of sustainable development

in an effort to achieve a level playing field with our competitors.

### Sustainable Use of Natural Resources, Including Resource Efficiency

The challenge is to ensure sustainable access to natural resources and their sustainable use. The industry supports the need to move towards more sustainable use of resources and a resource-efficient EU economy. As a “solution provider”, the industry is committed to work with policy-makers in order to set the right course for forward-looking policy developments on natural resources. The 2010 review exercise of the Thematic Strategy on the Sustainable Use of Natural Resources is a great opportunity to do so.

A successful natural resources policy needs to build on the experience gained from existing initiatives and to give equal weight to the three inter-linked “pillars” of sustainability. When improving resource efficiency of products, a full life cycle perspective is key for an optimal control of both adverse environmental effects and negative consequences on the economy or society. A number of critical questions therefore, should be examined thoroughly and in close cooperation with all interested parties in order to ensure an in-depth understanding of the nature and scale of the challenges. The concept of resource efficiency can hardly be restricted to a simple numerical target such as a uni-

versal resource productivity target or to a percentage of recycled material content. Such a strict approach could be counter-productive and jeopardise innovation. The latter is a crucial requirement for addressing the major challenges. Resource efficiency should be made part of research and innovation policy.

Recovery and markets for secondary materials have a key role to play in improving EU resource efficiency. Additional efforts are still needed to ensure the establishment of a genuine “recycling society” with fair rules for all market operators.

### Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan

The SCP/SIP Action plan was presented by the Commission in July 2008. Since the launch of the Action Plan progress has been made towards its key aims and objectives.

**Eco-label:** The Regulation on Eco-label has been revised to increase its effectiveness and streamline its operation. The changes include more product groups, quicker criteria development process, reduction of annual fees, simplification of assessment procedure and more focus on the most significant environmental impacts of products.



## Eco-label for Textiles and Bed Mattresses

Yarn suppliers are bringing yarns on the market that are inherently flame retardant. The fiber process consists in adding the fire retardant component in the mix prior to extrusion of the fiber. This means that the fire retardant is permanent and durable and resists both aqueous and physical erosion. By way of consequence, the fire retardant component is embedded in the fiber/yarn. Therefore, no release and exposure to humans and the environment can occur.

The eco-label criteria only allow “reactive flame retardants”. The physical incorporation into the fibre however, does not meet the “reactive flame retardants” definition i.e. where a flame retardant reacts chemically (a polymeric reaction) with the materials into which they are mixed.

The division in the eco-label criteria between “reactive” and “additive” flame retardants does not take into account fibers where the flame retardant is added into the mix before extrusion notwithstanding

that no leaching can take place. This inconsistency has proven to be prejudicial to our companies. In order to meet all environmental standards at the production site, they have, with great success; changed dramatically the production process to meet the latter’s in a more sustainable way. They do no longer use reactive nor additive flame retardants. Instead they have converted all this qualities by using inherently flame retardant yarns. Now it appears that these companies are penalized for what they should be awarded for. The only way to comply with the eco-label criteria is going back to the old situation with all subsequent problems.

- *This is why EURATEX took the necessary steps and urged a rapid remediation to the situation by bringing the issue to the agenda of the EU Ecolabel Board. EURATEX insisted on the urgency of the matter and does not recommend waiting for the next revision of the criteria for both product categories in order to solve the issue.*

### Green Public Procurement (GPP):

This voluntary instrument promotes the use



of Green Public Procurement in Member States while at the same time reduces environmental impacts and stimulate the growth of green industry. The first set of GPP criteria had already been developed. To disseminate information and to support the uptake of GPP, a Helpdesk was launched in January 2010.

**Eco-design Directive:** provides consistent EU-wide rules for improving the environmental performance of energy related products through placing minimum requirements on their design. The extension of the Directive to cover energy related products means that products that do not necessarily use energy but have an impact on energy consumption and can therefore contribute to saving energy can be covered. The first action plan for energy related products is in place and now further thoughts are given to the second action plan that may see some textile products been discussed.

### Aligning Sustainable Product Policy Instruments:

JRC-IPTS has started work on a project to develop a common evidence base for some products that can be used for the development of Eco-label and GPP criteria and eventually for the implementing measures under the Eco- design Directive. The processes for developing Eco-design, Eco-label and GPP require-

ments are presently separate. To ensure policy coherence, compatibility, stakeholders/industry compliance and overall working efficiency, the work will be co-ordinated to develop a shared evidence base for the three different policy instruments. Output of this project will be proposals for Eco-label and GPP criteria.

**ECAP - Environmental Compliance Assistance Programme for SMEs:** A pilot project on the transfer of best practice on environmental support for SMEs was concluded in February 2010. Consequently, a cross-border recipe for the successful support of non-profit environmental services has started to take shape; with special emphasis on indicators, planning, innovative incentives and communication. Additional environmental expertise is provided through the Enterprise Europe Network to SMEs under the Small Business Act (COM (2008) 394) and ECAP. A second pilot project will take place during 2010, aiming to take best practice transfer concept further through on-the-job training sessions designed for both SME support organisations and their “clients”.

**ETAP – Environmental Technologies Action Plan:** ETAP was set up to speed up the removal of financial, economic and institutional barriers to the development of environmentally-friendly technologies. Current priorities are mobilising finance and other actions to promote market opportunities for business involved in environmental technologies. This includes establishing

credible verification of environmental performance to boost confidence in eco-technologies. Tools will be developed to monitor, benchmark and boost the uptake of eco-innovation. It also aims to improve access to new technologies and financing for small firms in particular. In 2010 ETAP is being revised to promote eco-innovation across the wider economy. The Eco-innovation Action Plan will build on the Environmental Technologies Action Plan and will be linked to the Commission's forthcoming Research and Innovation Plan.

**Environmental Technology Verification (ETV) Pre-Programme:** New environmental technologies face difficulties in breaking into the market and accessing potential users. Purchasers tend to opt for established technologies. The ETV pre-programme is a new voluntary scheme, being initiated by the European Commission on an exploratory basis in 2010-2011. It aims to provide technology developers and vendors with the possibility to have an independent, credible validation of the performance claims related to their new environmental technologies. This pre-programme will test the need, and possible benefits that could be derived, from a fully-fledged EU ETV Scheme. ETV will provide objective evidence on environmental performance. It will not substitute existing regulatory or voluntary systems such as type-approval or labels; but fill the gaps for those technologies going beyond applicable regu-

lations or standards and for innovations not fitting into existing legislative, labelling or standards frameworks.

**EMAS  
(Eco-Management  
and Audit Scheme):**



The EMAS Regulation was modified to improve the applicability of the scheme and strengthen EMAS information and communications activities. In order to improve the applicability of the scheme, the revised Regulation gives flexibility in the frequency with which SMEs are required to publish their environmental statement and updates; allows organisations to make a single corporate registration of all or some of its sites irrespective of whether these are in different member states; provides special assistance in the development and implementation phases of EMAS registration; introduces environmental core indicators to achieve a harmonised and thorough consideration of environmental effects; and requires reference documents to be developed by the European Commission to facilitate the practical implementation of EMAS requirements.

**Eco-industries:** The Commission is working to ensure optimal framework conditions for these industries. A recent study on the competitiveness of these industries made a number of policy recommendations including the need to improve the functioning of the internal market in this sector. This initiative embraces the two most pressing challenges facing industry and

policymakers today namely how to grow our economies and create jobs while making the transition to a more resource efficient economy. The Europe 2020 strategy recognises this with its sustainable growth pillar focusing on both objectives.

**Natural Resources:** EUROPA 2020 strategy has as its flagship initiative a 'resource efficient Europe: to help decouple economic growth from the use of resources'. Environment Commissioner Potočnik has chosen resource efficiency as a key political priority. In order to decouple resource use, and its related impacts, from economic growth Europe will have to improve resource efficiency and thus competitiveness; taking a full life-cycle perspective on resource use; and, using resource in a cleaner way. There is a clear need to continue to change behaviour through the traditional routes of environmental legislation and its compliance. Ways of changing behaviour through a combination of economic and fiscal tools, markets, prices and eco-innovation are also being investigated. Further cross cutting dialogues with other DGs will be developed to ensure that resource efficiency is addressed in the wide range of relevant policy areas. In order to meet these challenges the European Commission will further develop existing work including the Thematic Strategy on Natural Resources. A communication on the progress that the strategy has made was published in 2010.

**DOLCETA On-line Consumer Education Tool on Sustainable Consumption:** the European Commis-

sion has developed web-based consumer education materials on sustainable consumption. This information is part of a wider consumer education website called DOLCETA which contains information and teaching materials on other consumer issues.

**The SWITCH-Asia Programme:** SWITCH-Asia programme aims to spur a systematic change towards environment- and climate-friendly consumption and production in the Asian region by advancing SCP practices from demonstration to replication. The Programme works simultaneously on the ground, with producers and consumers, and at the level of policy-making by supporting formulation and implementation of SCP-related policies. So far, the Programme is funding 30 projects in 15 Asian countries in areas such as Green Public Procurement, Cleaner Production, Eco-labelling, etc.

### 3. Product Safety

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#### Revision of the General Product Safety Directive (GPSD)

The framework set up under the two successive General Product Safety Directives - Directive 92/59/EC and 2001/95/EC - has built up, in almost two decades, a system that fosters a general culture that all consumer products must be safe, and integrates the role of European standards for otherwise non-harmonised products. However, recurrent product safety alerts, either

of global or regional relevance, have made it clear that we need a system that delivers more rapidly, efficiently and consistently throughout the EU and which, at the same time, is flexible enough to adapt to the challenges of globalisation and continue to contribute to the EU internal market of safe products. It's against this background that the European Commission launched a Public consultation on the review of the GPSD.

In this context Euratex would favour the application of international standards such as ISO whenever a risk or a product is not covered by a European standard and on the contrary we would not favour the application of non-European standards other than international ones. The safety of consumers through the EU would be better ensured if products specific safety requirements were laid down at the EU level and made directly applicable to economic operators, while leaving to standardisation the development of technical solutions to meet such requirements.

The General product safety legislation should grant presumption of conformity with an existing standard as an interim measure to address emerging risks while a permanent solution is being developed. Diverging safety evaluations in different Member States with respect to a particular product may occur. In that case, EURATEX believe the best way to resolve that is through binding EU-wide measures setting specific safety requirements for those products.

The cooperation between market surveillance authorities must be further improved by providing more financial support for exchanges and training of officials, by providing more financial support for joint market surveillance actions, more detailed rules on cooperation at EU level and by establishing a coordination body at EU level to ensure cooperation between national authorities also vis-à-vis imported articles.

The European Commission prepared an impact assessment for various scenarios following which they will select the best scenarios for its proposal. The latter was made available early December which marked the launch of the formal consultation procedure. The European Commission will finalise its impact assessment in March 2011 and launch the co-decision procedure in mid-2011.

### Chemicals in Products under SAICM/ UNEP

The initiative will collect and review existing information on information systems pertaining to chemicals in products including but not limited to Regulations, Standards and industry practices; Assess that information in relation to the needs of all relevant stakeholders and identify gaps; Develop specific recommendations for actions to promote implementation of the Strategic Approach with regard to such information, incorporating identified priorities and access and delivery mechanisms.

Identified industry sectors are the construction materials, children's products incl. toys, electronics and electrical goods and clothing and apparel. For the first time the focus will be on the textile and apparel articles and not on the chemicals used in the production of the latter's. The outcome of this exercise could lead to sectoral specific policies such as those already existing for toys or cosmetics in the EU. After careful consideration EURATEX decided on the advice of its Members not to take part in the project.

### First EU Nano-Conversation for Textiles

An invitation from the European Commission to cooperate in a nanotechnology platform discussion for the EU textile industry was debated. Attention was drawn to the need to engage in a sectoral dialogue with NGO's and the European Commission to help clarify



the issues related to "risk" but also to promote a positive image of this technology in our sector aiming to avoid a GMO's like scenario.

EURATEX draw attention to similar platforms in France and Germany which have proven to be counterproductive. On the recommendation of its Members, EURATEX decided to take a careful approach by waiting for two reports resulting from the national discussion in Germany before deciding on further steps.

## 4. Industrial Emissions Directive (IED) (former IPPC)

The revision of the IPPC Directive must strike a difficult balance which stimulates its implementation while preserving its key principles and cost-effectiveness. During the co-decision procedure EURATEX reaffirmed its positions, which lay the foundations for ensuring that IPPC remains a cost-effective piece of legislation.

Euratex believes that the best way forward to stimulate implementation is the obligation for the competent authorities to justify derogations from IPPC permit conditions. Additional measures such as the introduction of the "European Safety Net" would be disproportionate. Euratex questions the rationale for introducing new provisions on soil remediation and believes that very detailed descriptions of measures (baseline report) jeopardize the



subsidiarity and proportionality principles. In addition, liability for remediation should be determined according to national regimes.

With a view to avoid negative impacts on the generation capacity all over Europe, EURATEX supports the transition periods for applying new Emission Limit Values to existing LCPs, in particular until the end of 2020.

At last but not the least, EURATEX believes that efforts should be better spent in reinforcing implementation and enforcement of the existing framework rather than changing it substantially. Due to the complexity of the IPPC process priority should be given to training and capacity-building. National, Regional and/or European training programmes should be put in place to enhance the exchange of information and of best practices. Licensing authorities and industry have to learn from the experiences gained in other EU countries.

## 5. Chemical Policies

### Biocide Products Directive (BPD)

Euratex welcome the proposal for the revision of the BPD. We are particularly pleased that the revision makes a positive proposal toward accepting the prin-

ciple of no discrimination between articles imported and EU produced. In view of achieving a level playing field we support in principle the proposal to label bio-active modified textiles and hope that this will ease the enforcement role of the Authorities.

Euratex also holds the view that the authorisation process must be limited to the biocidal product and not to the article. By restricting the authorisation to the active substance, the proposal will address positively a fundamental issue that carried an unnecessary cost for the article producers.

To the question “ does the combination of an article and an active biocide fall under the scope of the Directive?” the current dominant view in the Council and the EP tends to believe that if the biocidal active substance is released from the related article to control harmful organisms outside the treated article or if it is intended to control only organisms that are not harmful to the treated article, the article or the material in question has the function of a delivery system and shall be considered as a biocidal product that must be authorised. This means



that all articles marketed in all essentials for other purposes than biocidal will need to be authorised.

This would create an unmanageable financial and administrative burden for industry, in particular SME's. Hence, enlarging the scope of the Biocide Directive to include finished articles is inappropriate and unjustified. . It is consequently imperative that the BPD is fully in line in its approach with that of REACH by requiring the same definition of an “article” and an authorisation for the biocide product used to treat the articles; An authorisation that encompass the uses.

Furthermore EURATEX would like to insist on the need to define “the primary function of a treated article”. Has “treated socks” a primary function of killing bacteria? We believe that as an article, socks primary function is still the function of a sock, and the secondary, is to avoid growth of bacteria therefore it is not a biocidal product. As long as the primary function of an article is not defined in the legal text, there will be room for different interpretations.

Finally, the Textile and Apparel Industry has in the past frequently pointed out that the categories in the catalogue of product categories do not correctly represent all of the biocidal uses within textiles. Companies are actually acting in a “grey area”, because the biocides are only authorised for uses that do not necessarily reflect actual practices in our sector. To this end, clarifications in the catalogue of product categories apply.

### Voluntary Emissions Control Action Programme (VECAP) - Measurable Achievements

The Voluntary Emissions Control Action Programme (VECAP) aims to reduce chemical emissions through a better understanding and better management of chemical substances throughout the supply chain, from the producers to the downstream users. VECAP in its current form covers producers, immediate customers and a number of second-line users (the customers of the producers' customers), who use brominated flame retardants in their products.

The annual progress report for 2009 was published in 2010 and focused on Deca-BDE, which is used in textiles for upholstered furniture. The annual report also covered HBCD, which is used in EPS and XPS insulation foams, in ABS resins and in textiles. VECAP applied in a consistent manner, it identifies the main potential sources of emissions, and allows the impact of process changes to be evaluated. Because of the noticeable emission reductions achieved VECAP is considered a success story and an image building exercise for the textile industry.

### REACH - Various Euratex Studies

Euratex is engaged in two projects. The first is a study mandated by Euratex Board and sponsored by EURATEX, Fedustria and UIT. It will produce guidelines for

Buyers to facilitate the incorporation of REACH in their purchasing. The second is a co-project between EURATEX and ETUF aiming at addressing the needs of employers and employees in relation to REACH implementation.

### REACH - Substances of Very High Concern Relevant for Textiles

According to REACH every **Substance of Very High Concern (SVHC)** needs to be authorised for the use within Europe. The criteria for SVHC are defined in the REACH Regulation. Every Member State is allowed to make its own proposal for those substances meeting the criteria. After public consultation the substances are put on a candidate list. For industry, it is important to know, which processing step, which additive might bring a company in a conflict with any SVHC in the list. Moreover, their nomination in the candidate list triggers several obligations for downstream users.

The first list was published with fifteen substances of which seven are relevant for textiles processing. The first supplement added fourteen new substances of which four are relevant. The second supplement saw 30 substances added to the list of which eleven are of high importance for the textile industry. In the mean time 8 new proposals were made with 2 relevant for us. In addition, the two Commissioners for DG Environment and DG Enterprise announced that 125 sub-



stances will be added to the list during the course of 2010 and 2011.

### REACH - Preparations for Authorisation Applications

Authorisation is a new risk management instrument aiming at ensuring that risks from the use of certain substances of very high concern are either adequately controlled or justified by socio-economic grounds, having taken into account the availability of alternative substances or processes. The ultimate objective of the authorisation process is the progressive replacement of these substances.

The manufacturing of substances, the use of substances as intermediates, as well as the placing on the market of a substance in an article are not subject to the authorisation requirement; on the contrary, the incorporation of a substance in an article by an

EU producer falls under the scope of authorisation. Applications for authorisation may be made by the EU manufacturer(s), importer(s) and/or downstream user(s) of the substance.

The recent agreement between the Commissioners responsible for REACH on the remaining open issues regarding the Authorisation process should open the way to a publication of the first list. The number of applications for authorisation per year is expected to grow to 400 in the first years. *Therefore, EURATEX would recommend its Members to establish close contacts with their companies in order to better assess and plan the upcoming workload.*

### REACH - List of Substances Identified for Registration in 2010

Downstream users have the possibility to check for themselves if the substances important for them have been identified for registration in 2010. *EURATEX encourages the industry to take this opportunity to check the list and to make sure that no unexpected breaks in the supply chain will take place for these critical substances.*

In case a given substance is not on the list the companies are advised to contact their supplier(s) to enquire if they intend to register the substance or not. They also have the possibility to inform ECHA about their substance missing from the list via a specific web-form

as further specified on the ECHA website.

While this feedback to ECHA will allow the Agency to become aware of the potential supply gap in the supply chain, it is primarily up to the textile industry as downstream user to mobilise the respective manufacturer / importer to live up to their registration obligations.

### REACH Registration Deadlines

REACH Registration is needed to manage the risks that chemicals can pose. It is one of the key elements of REACH, which places the responsibility on industry to manage the risks that chemicals can pose to the human health and the environment. Companies must document how to control such risks by sending a registration dossier to the European Chemicals Agency, ECHA. The deadline for registration is 30 November 2010 for:

- **substances produced or imported in volumes of 1000 tonnes per year or more**
- substances that are carcinogenic, mutagenic or toxic to reproduction and produced or imported in volumes of 1 tonne per year or more
- substances that are very toxic to the aquatic environment and produced or imported in volumes of 100 tonnes per year or more

For all other substances, the deadlines for registration are 2013 and 2018.

### REACH - German Proposal for the Restriction of PAHs in Consumer Products

The Government of the Federal Republic of Germany has asked the European Commission to propose a restriction for eight polycyclic aromatic hydrocarbon (PAH) compounds in accordance with Article 68 paragraph 2 of the REACH Regulation.

In support of this initiative, the responsible German authorities have prepared a restriction dossier which proposes a limit of 0.2 mg/kg for PAHs in all articles which could be used by consumers (also referred to as 'consumer products'). The dossier was submitted to the European Commission on 02/06/2010 and is based on the requirements of Annex XV (including analysis of risk management options and socio-economic impacts). The German proposal will have some effect on our sector of activities. *Consequently, EURATEX launched an evaluation of the impact the proposal will have on the textile sector to determine its extent.*

### REACH - The Textiles Uses-Descriptor

According to REACH, Downstream users of substances subject to registration may –after the end of the registration period – use these substances only if they are registered by the manufacturer/importer and if they are 'permitted' for specific uses by mentioning these uses in the safety data sheet. For substances in volumes of

## Commission's approach to the review

- Different aspects of REACH will be looked at to inform the 2012 review process
- Several thematic studies address issues which may provide inputs to the Commission services in the review

Assessment whether or not to amend the scope of REACH to avoid overlaps with other relevant Community provisions.

Experience acquired with the operation of REACH.

Nanomaterials in REACH registration dossiers and adequacy of available information.

Inspections requirements for REACH and CLP.

The (nominal) risk caused by chemicals in 2012 compared to the 2007 (a follow-up of the baseline study of REACH).

Functioning of the European Chemical market after the introduction of REACH regulation.

Impact of the REACH regulation on the innovativeness of EU chemical industry.

Health and environmental benefits of REACH.

Registration requirements for 1 to 10 tonnes substances and polymers.

Review of the European Chemicals Agency (ECHA) based on Article 75 of Regulation (EC) N° 1907/2006.

The REACH contribution to the development, commercialisation and uptake of products of emerging technologies.

Implementation and enforcement of restrictions in Member States.

10t or more per year, the registrant previously needs to perform a chemical safety assessment to demonstrate whether the substance can be used safely by the Downstream User, if necessary by following appropriate risk management measures. Consequently, the Downstream User is motivated to make his uses known to the substance manufacturers ("identified uses") – of course, without revealing any confidential business information.

The uses descriptor for the textile industry will allow for that. It is therefore a REACH implementation tool by excellence that resulted from the grouping of a number of national projects under the auspices of Euratex and TEGEWA. This is a tool designed specially for the companies in the textile sector to help them implement REACH in a less burdensome way and with no costs.

### REACH Review

REACH contains a number of reviews to be carried out ranging from entry into force to 12 years into the REACH regime. One specific review, set out in Article 138(6), requires the Commission to carry a review by 1 June 2012 'to assess whether or not to amend the scope of this Regulation to avoid overlaps with other relevant EU provisions. On the basis of that review, the Commission may, if appropriate, present a legislative proposal.'

### Establishing a List of Substances Regulated for Use in Textiles

The database is in relation to the substances of very high concern based on different priority levels. Level one, mandatory at EU level; level two, mandatory at national level; level three, voluntary schemes. Euratex presented the structure of the tool to be developed and insisted that as first step the structure needs to be agreed on since it will condition the future development of the tool. Members approved the approach and the structure.

## 6. Other issues of importance

### European Apparel and Textile Value Chain Platform

This is a platform under the auspices of CEFIC and EURATEX bringing together different actors in the textile supply chain. The platform is a focal point for action on REACH and other EU Policies in the field of Environment and Health and Safety. The other objective is to build relationships between the different actors such as the chemical producers, formulators and downstream subsectors in the textile chain.

☞ EURATEX view this as an essential tool to engage with different player on a wide range of issues. This is also a tool to act globally and not just locally or nationally.

### Health Rules as Regard Animal By-Product – The Case for Wool

A European Commission proposal intends to revise and repeal the annexes of Regulation 1774/2002/EC and incorporate them to Regulation 1069/2009/EC. The revision of the annexes of 1774/2002/EC presents an opportunity to attempt to resolve some long standing issues for the wool segment of the textile industry. As it has been the case up until now, article 10 of Regulation 1774/2002/EC amended by Regulation 1069/2009/EC considers as “category 3 material” wool and hair by-products and subject them to certain rules. The procedure defined for “category 3 material”, for example conditions of transport (vehicles and containers), provisions for approved and registered establishments and plants dealing with “category 3 materials” and end points; seems too restrictive compared with the relevant health risk considered. This poses two problems to the wool industry. First, the Rules are disproportionate to the health risk and second, unnecessary administrative and financial cost.

### Use of the Terms Ecological, Green and Organic in the Labelling of Textiles and Textile Products

The Working Group has made good progress despite some difficulties being encountered. The work is cen-

tred on self declared environmental claims and a final working draft has now been submitted to TC248 for approval and conformation of the formal work programme. The formal work period then contains definite time scales to work within depending on the type of final document that will be submitted.



# Sponsors

## GINETEX

**GINETEX**, the International Association for Textile Care Labelling, was first founded in Paris 1963, following several International Symposiums for Textile Care Labelling at the end of the 1950's. **GINETEX** has a large number of national organisations as members who represents the textile and retailing industries and other interested parties concerned with textile care.

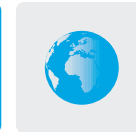
**GINETEX** has devised an internationally applicable care labelling system for textiles based on symbols. The pictograms used are registered trademarks and are the property of GINETEX. The care labelling system gives consumers and textile companies the correct information on the care treatment of textile products. The processes indicated by the symbols will avoid any irreversible damage to the product.

**GINETEX** defines and promotes the system of care labelling symbols and coordinates its technical background on an international level. The essential technical elements for its implementation and the definition of the care labelling code are contained in technical regulations. The care labelling system is maintained to ensure that any new technical and ecological developments together with changes in consumer practices are taken into account.

[www.ginetex.net](http://www.ginetex.net)

**GINETEX**

THE INTERNATIONAL ASSOCIATION FOR TEXTILE CARE LABELLING



Both consumers and companies are aware of the meaning of the symbols (they are easy to understand and to apply, speak for themselves and are not dependent of any particular language).

Thanks to these language independent care labelling symbols and to the system created by **GINETEX** who supported the costs involved in its setting up and enforcement, the market is functioning quite smoothly across Europe already since more than 45 years.

**GINETEX** welcomes the creation of national committees in countries where no such organisation exists at the moment, in Europe and rest of the world.

## The possibilities to join GINETEX

### **As Member (participating or associated)**

- be an independent **National Committee** for Textile Care Labelling
- have a valid **legal structure** according to the law of the respective country
- be represented by branches of the **textile chain**
- have authority and capacity to enforce **GINETEX** decisions
- recognize **GINETEX**'s ownership of the trademarks

### **As Observer Member**

- be a **Private Organization** with a special interest in care labelling

### **As Global User**

- be a multinational **company**
- procure and sell articles international
- use the registered care labelling symbols on textile products

## TURKISH TEXTILE AND CLOTHING INDUSTRY AND NEW TRENDS IN RETAIL

Turkish Textile & Clothing Industry is the leading sector in Turkey with 102 Billion \$ investment during the period of 1990-2009. With this vertical and modern major investments, Turkish Textile & Clothing Industry achieved one of the biggest manufacturing capacity in World, and the first in Europe, which in turn helped Turkey to become the second supplier in the European market.

Within thirty years up to 2010, the industry has both grown rapidly and shifted from low value added commodities to high value added manufacturing items and fashion goods.

The T&C industry has a great contribution to the Turkish economy as specified in the main macro-economic indicators. Unfortunately this contribution has slowed substantially with EU's unilateral concessions on RoO and custom tariffs. There exists a substantial free production capacity, major layouts and closures of the T&C companies post 2005.



The current Market Access conditions for Textiles & Apparel are asymmetrical in the world against Turkey and EU. All other countries have either high Custom Tariffs and/or Non Tariff Barriers. These unfair conditions are not sustainable among the WTO trading partners and all Textile & Apparel manufacturing countries should all apply equitable tariffs and fair trading rules and market access conditions.

Quality, Fast Delivery, Design & RD, Social & Ethical Responsibility now dominate the sourcing decisions of the International Fashion Retailers Post 2005 after T&C Quota elimination. These dominant factors can primarily be sustained with the well established T&C manufacturing chain within the close proximity.

The Fashion Retailers require the supply of Textile & Apparel products from the same regional countries that have close proximity to their own market as a result of the fast fashion needs. 4-6 collections per year.

The reputable and successful Fashion Retailers which are not only price oriented, have started to select primarily the "Full Package Providers" within their region. Post 2005, Fashion Retailers realized that, their success in their regional and World markets depends more on continuous creativity, fast service, quality products, short manufacturing runs, low inventory, manufacturing and supply consolidation, design support, and so on.

Therefore regional Textile and Apparel manufacturing companies that provide, fast delivery, quality products, professional design and Product Development service with Total Package services and that have the modern manufacturing technologies with the necessary skilled human resources shall be the winners in New Era.

This new trend and necessity in the Fashion Retailing is already establishing more regional consolidation of manufacturing and supply chain services and the win-

ners in New Era are and shall be the countries/regions that would settle the necessary strategies.

The future sustainability, competitiveness and the growth of the European T&C manufacturing industry within EU and the World Markets depend primarily on equitable Market Access, fair trade regulations, and maintenance of the European Textile & Clothing manufacturing chain (Fibers, Spinning, Weaving, Dyeing & Finishing, Garment making as well as retailing).

The current Double Transformation RoO of EU is a major tool and incentive for the continuation of the investments in the T&C manufacturing chain within EU and Euromed region.

Without the local and regional supply sources and without the full T&C manufacturing chain, EU T&C industry shall not have a competitive and sustainable future and shall highly depend on Fareast's unpredictable supply terms.

Therefore in order to build a sustainable future for the Textile and Apparel Industries in Europe and Turkey; EU should quickly adopt to changing patterns and improve the competitive position of the manufactur-

ing chain of the European Textile & Clothing industries and promote the common interests of the European Textiles & Clothing manufacturing companies at fair and symmetrical terms; including but not limited to the areas of RoO, custom tariffs, trade agreements, industry standards, WTO negotiations, etc,

Maintaining the current Double Transformation RoO and tariff incentives for EU T&C manufacturing industries and establishment of symmetrical custom tariffs and NTBs and equitable Market Access for the EU goods among WTO countries, and permanent provision of R&D financial support from the EU funds, should enhance the Textile & Clothing manufacturing investments and trade among EU and Paneuromed countries.

# Notes

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## EUROPEAN UNION : SHORT TERM INDICATORS

	2010	2009	2000	Source
<b>EUROPEAN MILL CONSUMPTION of FIBRES</b>				
EUROPE* * Western Europe + CEEC + Turkey	1000 t <b>4.616 e</b>	4.076	5.203	CIRFS
<b>E.U. PRODUCTION INDEX - 2005=100</b>				
MAN-MADE FIBRES	<b>E.U.-27</b> <b>82,4</b>	72,2	125,8	EUROSTAT
TEXTILE	<b>E.U.-27</b> <b>79,3</b>	73,1	124,3	EUROSTAT
CLOTHING	<b>E.U.-27</b> <b>90,6</b>	90,0	144,6	EUROSTAT
<b>E.U. PRODUCTION PRICE INDEX in EURO - 2005=100</b>				
TEXTILE	<b>E.U.-27</b> <b>105,3</b>	104,0	98,2	EUROSTAT
CLOTHING	<b>E.U.-27</b> <b>102,3</b>	102,7	96,7	EUROSTAT

## MAIN MANUFACTURING SECTORS -Turnover evolution

	2010	2009	10/09	Source
<b>E.U.-27 TURNOVER INDEX - 2005=100</b>				
TEXTILE	<b>85,2</b>	78,7	8,3%	EUROSTAT
CLOTHING	<b>88,2</b>	88,8	-0,8%	EUROSTAT
CHEMICALS	<b>112,9</b>	96,3	17,2%	EUROSTAT
BASIC METALS	<b>110,0</b>	85,0	29,4%	EUROSTAT
COMPUTER, ELECTRONIC	<b>91,4</b>	83,5	9,5%	EUROSTAT
MACHINERY, EQUIPMENTS	<b>109,6</b>	100,8	8,7%	EUROSTAT
MOTOR VEHICLES	<b>100,6</b>	84,6	18,9%	EUROSTAT

## EUROPEAN UNION-27 MAIN TRADING PARTNERS IN TEXTILE-CLOTHING

MIO EURO		2009	2010
TEXTILE CUSTOMERS	1 United Stat.	1.547	United Stat. 1.842
	2 Turkey	1.411	Turkey 1.663
	3 Tunisia	1.271	Tunisia 1.361
	4 Switzerland	1.116	China 1.277
	5 Morocco	1.051	Switzerland 1.238
	1-5% Extra	40,0%	1-5% Extra 39,4%
	Extra-E.U.-27	16.006	Extra-E.U.-27 18.729
TEXTILE SUPPLIERS	1 China	5.157	China 6.796
	2 Turkey	2.946	Turkey 3.408
	3 India	1.879	India 2.326
	4 Pakistan	1.378	Pakistan 1.627
	5 United Stat.	796	United Stat. 989
	1-5% Extra	68,9%	1-5% Extra 68,3%
	Extra-E.U.-27	17.653	Extra-E.U.-27 22.169
CLOTHING CUSTOMERS	1 Switzerland	2737	Switzerland 2899
	2 Russia	2192	Russia 2242
	3 United States	1310	United States 1519
	4 Japan	933	Japan 979
	5 Turkey	653	Hong Kong 851
	1-5% Extra	53,9%	1-5% Extra 55,1%
	Extra-E.U.-27	14.505	Extra-E.U.-27 15.403
CLOTHING SUPPLIERS	1 China	25.623	China 28.187
	2 Turkey	6.999	Turkey 7.721
	3 Bangladesh	5.138	Bangladesh 5.765
	4 India	4.107	India 4.198
	5 Tunisia	2.262	Tunisia 2.311
	1-5% Extra	76,9%	1-5% Extra 78,1%
	Extra-E.U.-27	57.357	Extra-E.U.-27 61.731

Source : CITH, EUROSTAT

For further information please call EURATEX  
Rue Montoyer, 24 B - 1000 BRUXELLES  
Tel +32.2.285.48.87 Fax +32.2.230.60.54  
Website : www.euratex.eu

## KEY FIGURES 2010 - E.U. TEXTILE & CLOTHING INDUSTRY

E.U.-27	Unit	2010 e	10/09 %
<b>TURNOVER</b>	<b>Bil.Euro</b>	<b>171,8</b>	<b>4,2%</b>
- MAN-MADE FIBRES*		9,5	14,2%
- TEXTILES		83,5	8,3%
- CLOTHING		78,8	-0,8%
<b>INVESTMENT</b>	<b>Bil.Euro</b>	<b>5,1</b>	<b>11,1%</b>
- MAN-MADE FIBRES*		0,28	103%
- TEXTILES		3,0	17,5%
- CLOTHING		1,8	-4,22
<b>EMPLOYMENT</b>	<b>1000 pers</b>	<b>1.876</b>	<b>-7,4%</b>
- MAN-MADE FIBRES*		23	13,3%
- TEXTILES		732	-5,2%
- CLOTHING		1.122	-9,1%
<b>COMPANIES</b>	<b>Number</b>	<b>127.039</b>	<b>-7,6%</b>
- MAN-MADE FIBRES*		85	13,3%
- TEXTILES		40.661	-7,6%
- CLOTHING		86.293	-7,6%
<b>EXTRA E.U.-27 IMPORTS</b>	<b>Bil.Euro</b>	<b>83,9</b>	<b>11,9%</b>
- TEXTILES		22,2	25,6%
- CLOTHING		61,7	7,6%
<b>EXTRA E.U.-27 EXPORTS</b>	<b>Bil.Euro</b>	<b>34,1</b>	<b>11,9%</b>
- TEXTILES		18,7	17,0%
- CLOTHING		15,4	6,2%
<b>E.U.-27 TRADE BALANCE</b>	<b>Bil.Euro</b>	<b>-49,8</b>	<b>11,8%</b>
- TEXTILES		-3,4	108,9%
- CLOTHING		-46,3	8,1%
Turnover/Employee	EURO/pers	91.578	
Investment/Turnover	%	3,0%	-
Exports/Turnover	%	19,8%	-
Employees/Company	pers	15	-

\*: including Polyofins  
e : Euratex estimates

# Mission

With an apparent consumption of nearly 500 Billion Euro, the EU 27 is the largest world market for textile and clothing products. The European industry is the world's second exporter of textiles and the third for clothing. Its annual turnover is above 172 Billion Euro and its 127.000 companies employ 1,9 million workers.

**EURATEX's** main objective is to promote the interests of its members while taking into account the European Union's institutional framework and its international obligations.

As the voice of the European textile and clothing industry, **EURATEX's** main objective is to create an environment within the European Union which is conducive to the manufacture of textile and clothing products. Its headquarters in Brussels is within touching distance of the major decision-making bodies of the EU, at Commission, Parliament and Council level. In this context, the major areas of concern to **EURATEX** are : to foster a new framework for textile & clothing trade policy, to promote a further expansion of the EU exports of textiles and clothing, to promote legislation and its application in the field of intellectual property, to support measures which enhance environmental protection but which are at the same time acceptable to the industry, to promote and participate in research, development, innovation and other educational or social projects which bring value added to the industry at European level, to engage in a constructive social dialogue at EU level with our social partners, and to disseminate economic and statistical data to the membership.

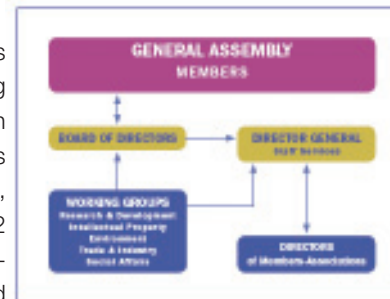
Memberlist of Euratex:  
[www.euratex.eu/members](http://www.euratex.eu/members).

# Bodies

**EURATEX's** organisation, located in Brussels, is staffed to address the above objectives, to provide a number of associated services and to supply its members with the information and data necessary for them to further their industry's aims at national level and branch level.

## The Board of Directors

The Board of Directors is responsible for overseeing EURATEX's administration and setting the policy. It is made up of a President, 3 honorary Presidents, 2 Vice-Presidents, a Vice-president Treasurer and 20 others. The Board adopts policy guidelines and orientations to achieve the association's goals. The Board appoints the Director General.



## The President

*Mr. Alberto PACCANELLI*

*President of EURATEX (2011-2012)*

The President, an active industrialist, is elected by the General Assembly for a two-year term, renewable once. He represents the association in all official circumstances and oversees the proper management of the association.



## The Director-General

*Francesco MARCHI*

*Director General of EURATEX*

The Director General manages the Secretariat and is responsible for the implementation of policies approved by the Board to achieve the objectives of the association.



# Staff members

## Director General :

**MARCHI Francesco** - Phone : 32.2.285.48.92

E-mail: francesco.marchi@euratex.eu



## International Trade Affairs

**SANTOS Luisa** - Phone : 32.2.285.48.94

E-mail: luisa.santos@euratex.eu



## R & D Manager

**WALTER Lutz** - Phone : 32.2.285.48.85

E-mail: lutz.walter@euratex.eu



## EU Project Manager

**SCALIA Mauro** - Phone : 32.2.285.48.91

E-mail : mauro.scalia@euratex.eu



## Environmental affairs

**ELMASSI Adil** - Phone : 32.2.285.48.84

E-mail: adil.elmassi@euratex.eu



## Legal & Social affairs

**LE BERRE Stéphanie** - Phone : 32.2.285.48.93

E-mail: stephanie.le.berre@euratex.eu



## Senior Economist/CITH

**ADINOLFI Roberta** - Phone : 32.2.285.48.87

E-mail : roberta.adinolfi@euratex.eu



## Financial & Administrative Manager

**DE WILDE Paulette** - Phone : 32.2.285.48.83

E-mail : paulette.de.wilde@euratex.eu



## Office Logistics

**STEEMAN André** - Phone : 32.2.285.48.88

E-mail : andre.steeman@euratex.eu



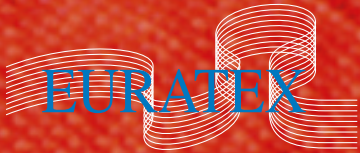
## Secretariat Director General

**MAUPERTUIS Pascale** - Phone : 32.2.285.48.81

E-mail : pascale.maupertuis@euratex.eu







European Apparel and  
Textile Confederation  
A.I.S.B.L.

24 rue Montoyer - Box 10  
B - 1000 Brussels  
Tel.: ++32.2.285.48.81  
Fax : ++32.2.230.60.54  
e-mail : info@euratex.eu  
www.euratex.eu

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