

Brussels, 28 May 2021

## JOINT STATEMENT

ON

### The future industrial strategy of the EU Textiles Ecosystem (TCLF sectors)

On 5 May 2021, the European Commission released an update to the 2020 New Industrial Strategy entitled ["Building a stronger Single Market for Europe's Recovery"](#), as well as the ["Annual Single Market Report 2021"](#). The unprecedented impact of COVID-19 on European industry meant that such a targeted update was needed, especially due to the additional pressures that the crisis has put on meeting the twin green and digital transition facing European industries, including the European Textile, Clothing, Leather, and Footwear (TCLF) sectors.

European TCLF industries are major players of the European Union's economy and cultural heritage, encompassing 200,000 companies, generating over 200 billion Euros turnover, and employing nearly 2 million people in 2019. They represent a very wide value chain, covering fashion and high-end industrial applications, making the EU the world leader in creativity and a pioneer in industrial innovation.

#### Impact of COVID-19

The TCLF industries have been one of the worst hit sectors in the European economy (only tourism is facing more severe disruptions), with retail sales plunging -25% in 2020, as a result of the pandemic. National lockdowns resulted in disruption in supply chains and obstacles in workers' mobility, demand volatility, as well as complete retail closures. Stoppages of major industrial customers for the TCLF sectors (e.g. the automotive industry) resulted in unprecedented drops in turnover. Some segments of the industries have been able to catch up towards the end of 2020, but recovery remains extremely fragile. Moreover, rising energy prices and difficult access to raw materials have increased pressures on our industry. Despite these difficult circumstances, employment has remained relatively stable, showing the strong commitment of the TCLF Social Partners.

**Based on the above analysis, a dedicated strategy and support is needed to guide the TCLF industries through this green and digital transition, while facing tough global competition.**

#### EU Industrial Policy Strategy

The update to the EU Industrial Policy Strategy takes note of the COVID-19 pandemic and highlights that **extra efforts are needed to meet Europe's green and digital industrial transition ambitions**. Indeed, the updated Strategy aims to address the impact of the COVID-19 crisis on our economies, the exposed strategic dependencies on essential goods, components and materials, and the fragility of the Single Market, as revealed over the past year. It recognises the TCLF sectors as one of 14 essential ecosystems of the European economy.

The Communication raised **concerns about shortages in strategic value chains, as well as shortages of skilled workers**, which are undermining European industries' abilities to recover rapidly from the pandemic. For the TCLF sectors, the challenge of maintaining a **global level playing field** is essential, and the Social Partners welcome an increased EU focus on effective market surveillance in this regard.

The **promotion of an ecosystem “transition pathway” is welcomed**, as the TCLF Social Partners continue to call for a coherent and holistic approach which supports their industries and their workers, by considering all relevant aspects: trade, competition, skills, decarbonisation, authenticity and sustainability, amongst others.

The Communication identified the critical need to ensure that European industries have access to the right skills in order to meet the green and digital transitions. The TCLF Social Partners call on the European Commission to fully support the **EU Pact for Skills for the TCLF sectors** which will be essential in maintaining specialised know-how, and for ensuring that current and future skills needs can be met.

It is **crucial that Member States and the EU act decisively to tackle strategic dependencies** through reindustrialisation, the right incentives for a circular economy and reciprocity in trade policy measures. The set of measures announced to tackle unfair competition, due to foreign subsidies, should also be used as a tool to reindustrialise Europe, to ensure a level playing field in the Single Market, and support its industrial value chains.

The EU Industrial Policy Strategy complements various other EU files which will have a major impact on the European TCLF sectors. These include the EU Textiles Strategy, the Review of the Generalised Scheme of Preferences (GSP) Regulation, the forthcoming Due Diligence Legislation and the Sustainable Products Initiative, and the ‘Fit for 55%’ package on climate and energy. The TCLF Social Partners call for a **coherent European approach** to ensure that the TCLF sectors, and their workers, are fully involved in regulatory processes and truly benefit from these initiatives. These EU initiatives should help the TCLF industries to become more sustainable, while remaining competitive, and thus lead to further job creation in Europe. **National Recovery Plans** should be updated accordingly and target more specifically the TCLF industries.

### **EU Textiles Strategy**

The EU Textiles strategy, to be adopted by the Commission before the end of 2021, should be fully embedded in this new EU Industrial Policy Strategy; it should address the **entire ecosystem** and offer **concrete proposals** towards sustainability, skills, digitalisation and markets. The Strategy should set long-term targets and offer **tangible support** to achieve those targets. The TCLF Social Partners are committed to build and implement such ambitious plans, as long as they contribute to a competitive European industry.

## Demands

As such, the Social Partners representing the TCLF sectors in Europe (industriAll Europe, CEC, Cotance and Euratex) call on EU policy makers to:

1. Fully engage with the Social Partners in the TCLF sectors, including involvement in corresponding regulatory processes, in order **to ensure a green and digital recovery of the industries** (including via the Recovery and Resilience Facility);
2. Ensure that the forthcoming **EU Textiles Strategy** fully engages all stakeholders throughout the supply chain and enables the TCLF sectors to meet the twin digital and green transition while remaining globally competitive;
3. Support the **EU Pact for Skills** for the TCLF sectors to ensure that the sectors maintain valuable know-how and develop the correctly skilled people for the future;
4. Adopt a **Revision of the GSP** which meets its goal of using EU trade measures to create jobs in vulnerable developing countries and diversifying their economies, while also ensuring compliance to core labour standards and without using unfair trade measures. At the same time, the future Regulation should not negatively impact the European TCLF industries and result in job losses in Europe;
5. Provide appropriate funding, legal incentives and **support to help the European TCLF sectors decarbonise** their production while also remaining competitive on the global market;
6. Fully take into consideration the positions of the TCLF Social Partners on the forthcoming **Due Diligence Legislation**;
7. Engage with the TCLF Social Partners ahead of the publications of **the EU Sustainable Products Initiative and the Consumer Agenda**;
8. **Address policy gaps**, such as those related to the circular economy, including promoting a harmonised Extended Producer Responsibility (EPR) approach across the EU, ensuring that SMEs can use Product Environmental Footprints (PEF), and supporting cross value chains in setting up the ReHubs for textile waste.