CIRFS - European Man-made Fibres Association
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To:
Ms. Ursula von der Leyen, President of the European Commission
Mr. Charles Michel, President of the European Council
Honorable Members of the European Parliament
Their Excellencies, Ambassadors of the EU Member State Representations
to the European Union

Brussels, 17 October 2024

CIRFS OPEN LETTER
Sustainable fibres and textiles in Europe

Dear Madam President,
Dear Mr. President,
Honorable Members of the European Parliament,
Your Excellencies,

The transition to a net-zero economy demands a robust domestic industry capable of delivering the solutions necessary to meet future challenges, particularly within the textile value chain. Achieving the ambitious goals of the Green Deal requires a renewed focus on strengthening Europe's industrial policy. The recent report by Mario Draghi offers key recommendations in this regard. CIRFS, on behalf of Europe's man-made fibres industry—an energy-intensive industry (EII)—would like to highlight the most critical recommendations for promoting sustainable textiles in Europe, while enhancing the competitiveness of the value chain and safeguarding the remaining industrial base.

1. Coherence and funding

As outlined in Mario Draghi's report, the EU needs much greater coherence between trade policy, industrial policy, and environmental policy to preserve the existing manufacturing base and secure a viable future for our industrial value chains. This includes ensuring complementarity and proper implementation of the Net Zero Industry Act (NZIA) and the Critical Raw Materials Act (CRMA). CIRFS emphasizes the urgency identified by Mario Draghi regarding investment and government spending to safeguard the EU's competitiveness and promote innovation.

2. Reducing energy prices and securing the decarbonization path

CIRFS shares Mario Draghi's concerns about the negative impact of rising energy costs e.g. gas and electricity on EU industry. We urge the incoming Parliament and Commission as well as EU Member States to take swift action to reduce energy and electricity costs to below 5 ct/kWh during the transition phase, while also creating a unified EU market not only for pricing but for grid infrastructure, ensuring that industry remains competitive both within Europe and globally.

We strongly support using revenues from the EU Emissions Trading System (ETS) to assist the transition to carbon-neutral industries—whether through CAPEX and OPEX support or for specific transition projects, such as CCUS solutions. Additionally, the fast-track implementation of Carbon Contracts for Difference (CCfD) is essential. Lastly, we support Mario Draghi's recommendation to delay the reduction of free ETS allowances if the implementation of CBAM is ineffective. Priority should also be given to addressing downstream carbon leakage risks and developing an effective export support solution to protect European value chains.

3. Circularity and environmental regulations

CIRFS firmly believes that establishing a true Single Market for waste and recycling in Europe is fundamental to scaling up recycling and circularity in apparel and textiles. Bureaucratic barriers must be systematically removed, and responsibilities among all stakeholders in the value chain must be clearly defined. Since most textiles, whether finished or semi-finished products, and their components are being imported, the EU must ensure that environmental regulations apply equally to imported products. Non-compliant products entering the EU pose a threat to public health and safety, while also undermining the potential for reusing or recycling textiles. Effective ex-ante controls to verify compliance must be in place; otherwise, circularity within the EU will be undermined. The European man-made fibres industry also advocates for the unification of end-of-life disposal costs across different regions and EU Member States, with a gradual increase in these costs to encourage greater recyclability.

4. Strengthening trade defence instruments (TDIs)

CIRFS welcomes the suggestion to strategically and rapidly apply TDIs, including ex-officio investigations, as the textile value chain is complex, fragmented, and composed largely of SMEs. We recommend using TDIs to address economically irrational and non-market excess capacities, abolishing the outdated lesser-duty rule, and better integrating social and environmental standards into trade defence rules. The EU must adopt clear and decisive border measures, similar to those employed by the United States and Canada.

5. Level playing field and enhancing market access

As highlighted in Mario Draghi's report, the EU is currently the largest open market. However, this openness is not reciprocated, as trade interventions such as tariffs and non-tariff barriers proliferate globally. For example, India has created barriers that hinder imports of European fibres and textiles. In the absence of a solution, the European Union must implement equivalent border measures to ensure a level playing field and safeguard the interests of European industry.

At the same time, it is necessary that any business seeking to sell products in the Single Market complies with all EU regulations. Effective enforcement of these regulations before, at, and beyond the border is more critical than ever. EU rules must apply equally to all companies operating within the Single Market, regardless of their location in and outside the EU.

6. Reducing dependencies is the only way forward

CIRFS supports Mario Draghi's recommendations to develop a genuine EU foreign economic policy. To reduce direct and indirect dependencies, preferential trade agreements must adopt stricter rules of origin that promote bilateral trade, such as the double transformation rule for textiles. The EU needs to strengthen ties and prioritize trade with like-minded countries,

particularly Turkey and the United States, to promote diversification. The textile value chain is a strategic sector that contributes to critical applications in e.g. defence, safety, healthcare, and mobility. As such, the EU must introduce an explicit minimum quota for locally produced products and components (including fibres, textiles and apparel) in public procurement and contracts for difference auctions, as Mario Draghi recommends. The development of the EU's industrial defence and infrastructure capacities must be based on European value chains and domestic production.

Thank you for your attention to these critical issues. The EU industrial value chain in all sectors, including fibers, textiles, and apparel, must maintain a strong production base to avoid dangerous dependencies. We look forward to working together to strengthening Europe's man-made fibres and textile industry and achieve our common sustainability goals.



Frédéric Van Houte

Director General, CIRFS

CIRFS *is the association for Europe's € 12.3 billion man-made fibres industry (both synthetic and cellulosic), representing the industry to the European authorities and providing the industry with a wide range of services. Its members cover about 70% of European man-made fibres output. It provides for around 20,000 jobs in ca. 250 plants. The* ***European man-made fibres industry****, with a total production in 2023 of ca. 4.3 million tonnes, is the world's third largest in terms of output and one of the global leaders in terms of innovation and quality.*