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# EU TEXTILE, APPAREL AND FOOTWEAR INDUSTRIES COMMENTS ON SWEDEN'S PROPOSAL FOR A CHEMICAL TAX ON CLOTHING AND FOOTWEAR PRODUCTS

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The undersigned organisations, representing a significant amount of clothing and textile related businesses and jobs in Europe, globally welcome the opportunity to provide comments on the proposal to introduce a Swedish tax to reduce hazardous chemicals.

Our joined membership supports the goal of reducing the use of hazardous substances in clothing and footwear harmful to the environment and human health in a cost efficient and enforceable manner. As such, our members have been working individually and collectively on restricting hazardous substances in textiles and footwear for several years.

We collectively share several concerns regarding the proposed Swedish tax that we hope will receive the highest attention from the Swedish and European public authorities.

Specifically, we question the appropriateness and legality of the proposal as the most effective, scientifically sound solution and legal option of phasing out the use of certain chemicals in articles based on the following principles:

**Lack of Proportionality:** It is our understanding that the proposal aims at protecting the environment and health of consumers. Meanwhile however it is targeting all clothing and footwear, although the inquiry considers that close to 84% of those products contain none of the chemicals in the proposed act. In addition to this, differentiation of risks needs to be taken into consideration. This is already done in the different type of regimes under REACH and other EU chemical legislations. For instance, not all substances are prohibited for any use. For example, a substance which is a skin sensitizer can pose no issue when washed into wastewater.

**Cost efficiency:** While the inquiry failed to deliver a thorough socio-economic impact assessment of the proposal compared to actual risk, it is likely to trigger unforeseen circumstances. One could evaluate that it is more cost-efficient to pay the tax in full rather than running costly and administratively burdensome third-party testing thus rendering the entire exercise redundant or even counterproductive.

**Reduction of Risk:** Testing of substances that are not used does neither lead to risk reduction, nor does it support the environmental aim of the tax. Rather, such testing will draw focus and resources where there is no risk, instead of channelling it into real environmental improvements.

**Enforceability:** We share the assessment of Swedish companies that the market enforcement authorities will have limited capacity and ability to regulate and monitor the proposal. This concerns chemicals expertise to carry out checks, and a lack of clear guidance in the legislation on testing methods and relevant thresholds.

**EU Internal Market:** REACH (EC 1907/2006) already aims to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances. REACH has shown efficiency in restricting hazardous substances and promoting substitution. The proposed tax intends to tackle international issues with a national tax and could easily be perceived as a non-tariff barrier and a redundancy of the work already done by REACH and ECHA. We believe that the tax contravenes both EU regulations governing the single market and WTO trade regulations. It cannot be justified to design trade barriers on environment and health grounds when the vast majority of product targeted do not contain the chemicals to be taxed and pose no risk. REACH and BPR for example establish 'exhaustive harmonization' of the requirements regulating the use/presence of hazardous chemicals and antimicrobials in clothing and footwear, and the Swedish tax prohibits de facto the use in clothing and footwear of substances authorized and/or otherwise regulated by the EU.

**Test methods and thresholds:** The criteria for the eligibility of the tax deductions are unclear, e.g. no analytical test methods are referred to, although this is of great consequence for testing results. It is further not clear which level of proof is to be provided, at which frequency, and how the deduction is obtained. The proposal entails a heavy administrative burden for those reporting the tax, who must ensure they have satisfactory documentation supporting the right to a deduction. Companies who have already invested in common international third-party RSL product certifications, such as Bluesign or Standard 100 by OEKO-TEX®, may not be able to leverage these, as several of the proposed chemical thresholds deviate from such industry best-practice standards.

**Substitution:** While we support the overall goal to eliminate and substitute dangerous substances, we question if such a tax is likely to get in the way of comprehensive cooperation on chemical management programmes, thereby hindering non-regrettable substitution where it is most needed and diverting investments from safer alternatives and a green recovery to covering a tax.

**Proposed options:** For the abovementioned reasons the signatories strongly believe that setting up a national tax is not the most efficient way to proceed as it aims at regulating an industry built on global supply chains and operating under robust European and international regulations and programs. Ideally, globally harmonised chemical regulations are preferable for simplicity, clarity and compliance. Additionally harmonisation at EU level is also preferable and any national regulatory action shall be aligned with ongoing European regulatory efforts, such as the EU Chemicals strategy for sustainability addressing the interface between chemicals, products and waste legislation and strengthen synergies with the circular economy.

**In conclusion:** We call on the Swedish authorities to abandon the proposed chemical tax, and alternatively consider collaborative work at European and global level and to resend it for further investigation where industry experts would be invited to participate.

The signatories will also share these concerns with the competent European authorities with further legal evidence in view of the notification to the European Commission.

We look forward to a dialogue with the competent authorities and trust that our comments will be given the appropriate attention.

## **THE SIGNATORIES:**

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**CIRFS:** CIRFS is the trade association representing the interests of the man-made fibres industry in wider Europe. It represents more than 70% of European production and includes members in the EU, Switzerland, Turkey and Belarus. It defends members' interests in fighting for fair trade, attacks trade barriers and distortions of competition, encourages innovation, promotes objective standards and test methods and demonstrates advantages and sustainability of man-made fibres. Additionally, it works with a scientific approach to regulation on health and safety and environment and provides its members with market information and analysis.

**Confederation of National Association of Tanners and Dressers of the European Community (COTANCE):** COTANCE is the representative body of the European Leather Industry. It is a non-for-profit umbrella organisation gathering the network of leather producers' associations of the EU, connecting with over 95% of all European tanneries. Europe's tanning sector is composed of about 3000 enterprises, generally family-owned SMEs, employing directly some 30.000 people in the EU and generating a yearly turnover of about 8 billion Euro.

**Ecommerce Europe:** Ecommerce Europe is the sole voice of the European Digital Commerce sector. As a result of joining forces with EMOTA, Ecommerce Europe now represents, via its 25 national associations, more than 100,000 companies selling goods and services online to consumers in Europe.

**EURATEX:** As the voice of the European textile and clothing industry, EURATEX works to achieve a favourable environment within the European Union for design, development, manufacture and marketing of textile and clothing products. The EU textile and clothing industry, with around 160,000 companies employing 1.5 million workers, is an essential pillar of the local economy across many EU regions. With over € 61 billion of exports, the industry is a global player successfully commercializing high added value products on growing markets around the world. Working together with EU institutions and other European and international stakeholders, EURATEX focuses on clear priorities: an ambitious industrial policy, effective research, innovation and skills development, free and fair trade, and sustainable supply chains.

**EuroCommerce:** EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading global players such as Carrefour, Ikea, Metro and Tesco, and many small businesses. Retail and wholesale provide a link between producers and 500 million European consumers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.

**European Branded Clothing Alliance (EBCA):** EBCA is a coalition of major retail clothing brand companies, representing over 60 brands. The alliance works to ensure a positive trade agenda and a more predictable business environment, while also ensuring sustainability throughout the global value chains.

**European Outdoor Group (EOG):** EOG represents the voice of the European outdoor sector. It aligns its work around the three following pillars: conducting business in an ethical and sustainable manner, preserving the outdoors, and getting people active in nature. EOG undertakes a wide range of activities for its members, including market insights, corporate social responsibility and sustainability initiatives, outdoor retail collaboration, organising and supporting industry events and trade fairs, and representing the sector and its interests to the European Commission, other formal institutions, NGOs, and other stakeholders.

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**European Footwear Confederation (CEC):** CEC is the umbrella organisation representing the interests of the major EU national footwear associations. CEC's objective is to boost the competitiveness and sustainable growth of the sector by promoting its values and high value-added products, supporting research and innovation, engaging on education and attracting new generations of employees. The EU footwear sector is composed of 230.000 companies that directly employ about 300.000 people, and generate an annual turnover of 27 billion Euro.

**Federation of European Sports Retailers (FEDAS):** Founded in Paris in 1963, FEDAS is a non-profit institution with the aim of promoting the image of the sports industry and representing the interests of its members internationally. The areas of competence of FEDAS include the collection of market figures, the representation of interests vis-à-vis European institutions, training and further education and the exchange between countries.

**Federation of the European Sporting Goods Industry (FESI):** Founded in 1960, FESI is the unique pre-competitive platform representing the interests of the sporting goods industry in Europe, advancing its members' priorities and promoting initiatives that benefit the sector, EU citizens and the society as a whole. FESI represents the interests of approximately 1.800 sporting goods manufacturers (85% of the European market) through its National Sporting Goods Industry Federations and its directly affiliated member companies. 70-75% of FESI's membership is made up of Small and Medium Sized Enterprises. In total, the European Sporting Goods Industry employs over 700.000 EU citizens and has an annual turnover of some 81 billion euro.

**Independent Retail Europe:** Established in 1963, Independent Retail Europe is the European association that acts as an umbrella organisation for the main groups of independent retailers in the food and non-food sectors. Independent Retail Europe represents 24 groups and their 380.980 independent retailers, who manage more than 757.000 sales outlets, with a combined retail turnover of more than 971 billion euros and generating a combined wholesale turnover of 291 billion euros. This represents a total employment of more than 6.486.000 persons.

**International Wool Textile Organisation (IWTO):** For more information, see: <http://www.iwto.org/>

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