

## **BIR UK Textile Market Update – October 2015 – Prague**

I started off a recent report that I prepared for a UK trade publication by saying it is very difficult not to sound like a broken record when describing the UK used clothing and textiles market at the moment. I wanted to say that it has all got better and that everything is alright, but if I had I would be lying. If anything, matters have got noticeably worse in the last few weeks.

At the time of writing, the latest WRAP Materials Pricing report is quoting that the mid price for textile bank grades has dropped by around £23/tonne, and that charity shop grades have dropped by £5/tonne.

The mid-price for textile bank grade is now only £230 and for charity shops it is less than £300/tonne. This is half what it was 3 years ago. In my view, prices have probably declined further in the last few weeks and this will be reflected in the market reports over the forthcoming period. The “tell tale” signs are there. Warehouses are full, collectors and sorters are retracting their collection areas and searching out buyers in the UK and abroad, businesses are looking to sell more of their assets and we are now seeing clothes being dumped at recycling sites by unscrupulous gangs who have been caught out by the plummeting markets and are no longer able to sell on their low value goods. Yet there is still some stealing of higher value goods.

Whilst there is still a market for reusable clothing, the profits have disappeared and this is having a serious consequence for collectors' and sorters' ability to accept and process all grades. Whereas in the past, collectors could use some of the profits generated through the higher value goods to offset the cost of collecting and processing lower value recycling grades, this is no longer the case. Many collectors have reduced the size of their collection areas and will now only take better quality items.

Whereas competition for collections was quite stiff throughout the UK mainland a few years back, large parts of the country now only have one operator. Although this can seem quite tough for charities or local authorities in those areas who have to accept the price offered by that single collector, the fact is that the industry is market driven. If it were possible for another collector to operate legally in that area and pay a better price, they would.

Business closures are also continuing to take place. Recently a social enterprise in North Wales announced that it was forced to close due to a drop in the demand for used clothing overseas. I suspect that we may see more.

In the summer a mattress mountain blighting a small village in South East England hit the headlines. The business in question had failed to secure a market for the recycled fibre content and was forced to stockpile the mattresses that just kept coming in. Only once a notice had been served by the Environment Agency for breach of conditions of the operators' Environmental Permit was the situation recently brought under control.

Clearly there is a need to do something to simulate the market again. There are severe market failures across the board. Extended producer responsibility on clothing and textiles may be an answer. Recently we met with Eco Tlc in France, to find out a bit more about how their eco levy is working.

In addition, as part of the Nordic Prime Ministers' Green Growth initiative, research has been commissioned and published in the document "EPR Systems and New Business Models - Reuse and recycling of textiles in the Nordic region". Work has also been commissioned through this same initiative to map the market players and textile flows within the Nordic Countries and elsewhere, and to evaluate the effectiveness of legislation and codes of practice in policing the industry.

Just in the last few weeks Zero Waste Europe published "Redesigning Producer Responsibility - A new EPR is needed for a circular economy", which contained a number of key recommendations that are of direct relevance to our sector. Most notably that ***an EPR scheme for textiles "should be assessed and regulated at European Level"*** (section 3.4.5 p.26). We also heard of a leaked EU briefing paper reported in British trade publication MRW that EPR has been suggested as a key element of the European Commission's revised circular economy (CE) package. We shall wait to see whether this is the case when the Circular Economy proposals are published in December.

We are also of course awaiting the decision from East African Community (EAC) member states on whether they will continue to allow the importation of used clothing or not. This is expected at their summit in a few weeks

We need to help EAC politicians to understand that we need their countries' business. The stakeholders in the EAC countries are very important to our sector and are highly valued. Perhaps we have not been good at communicating this in the past and now the time to address this.

Their desired goals centre on creating jobs in their own textile production industries and to improve their economic wealth. Not only do I completely respect these desired goals, but I think we should be aiming to support them by looking to create "win win" situations. With so much research and development work going into fibre to fibre recycling technologies, there is no reason why these new technologies could not be set up in Africa, should they prove to be commercial viable.

Therefore clothing that reaches the end of its useful life could be recycled in Africa and the resulting fibres could be used to establish a closed loop textile production system. This would provide a truly environmentally sustainable circular economy, whilst creating jobs and wealth. Earlier this year the UK Government announced its proposal to invest £735 million over the next 3 years in businesses to create jobs in developing countries. This and other funds from national Governments and the EU could be used to help finance such proposals.

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