



STIC – Textile

A “New Approach” for Minimizing the Impact of Liberalization in Textile after 2005

The objective of STIC- Textile pilot initiative will be to open a new market focusing on products process and quality by gathering into a network pro-active producers from Developing Countries and buyers (public and private) from Developed Countries.

A consortium including EPE and IIED has conducted a dialogue on textile and sustainability, which concluded that European textile can be a sustainable industry with a bright future providing that it would be open to “innovation”, “multi-stakeholder dialogue” and “North-South partnership”. This phase of the project will focus on implementing a “new approach” based on partnership between European and other Developed Countries buyers with vendors of Developing Countries.

The project is developed as a pilot initiative in the framework of the Sustainable Trade and Innovation Centre (STIC) program, registered as a Type II initiative by the World Summit on Sustainable Development and supported by the European Commission (DG Trade) and Member States. It intends to assist Developing country producers to benefit from the growing market pressures to integrate environmental and social factors into their production and export strategies. It wants to contribute to the goals of green productivity and sustainable development and trade between Developing countries and Europe.

It aims

- To open a new market focusing on processes of ecologically and ethical sound productivity by bringing into a network of textile producers from developing countries, European buyers, retailers and consumers wishing to change the existing trading climate and to bring qualitative improvements in the products and processes with respect to quality, environment and social standards.
- To develop a network of capacity building centers in local and national levels worldwide for green and ethical textile production for sustainable development and trade.
- To help Developing Countries textile and apparel industry to address the concept of Green Productivity and Corporate Social and Environmental Responsibility for economic and sustainable development and thus opening a new European market for ethically and ecologically optimized textile products and services.
- To provide Developed Countries buyers and retailers with new sustainable alternatives for their buying of ethically and ecologically optimized textile products and services.

The “new approach” is based on “building trust”, “capacity building”, “matchmaking business opportunities”, “know-how & technology transfer” “shaping joint venture”, “new financial mechanisms”, “creating new forms of competitiveness”.

Followings are the concerned issues and actions to be executed:

1. The major apprehension of liberalization is that big and mega countries will encroach the whole international market, because of low price and cheap labour, and this will eliminate small and least developed countries from the market whose economy is completely dependent on textile export. So this is presumably a negative impact of the liberalization. Focus on minimization of the impact of liberalization has been not only the concern of policy makers, but also of the major business players (both buyers and manufacturers). Now the questions come what approaches are needed to achieve an environment providing chances to all countries to be able to compete on an equal basis worldwide.



- A workshop in Mauritius will address which are the needs and how to design an action plan.
2. Producers and exporters from developing countries are facing mounting pressure to integrate environmental and social requirements into their production and export strategies. While some of these requirements are driven by regulatory requirements, the main drivers are business requirements from international buyers and growing consumer demand for the product able to demonstrate environmental and social responsibility. In this framework, STIC member organization, eco-tex Germany, has developed a systematic approach, which defines the criteria mentioned above in all relevant production steps within the supply chain by pre-assessment, auditing, documentation, evaluation and installation of measures to achieve a sustainable development. According to STIC philosophy, the "new approach" will shape the awareness and obligation on concerned parties worldwide: customer, producer and community. Eco-tex has been realizing with European & Asian buyers, that there should be some well defined parameters on which performance and ranking level of the manufacturers can be established.
 - This should be the result of a "co-development process" of standards between interested parties of Developed and Developing Countries, involving the interested parties of the value chain, including retailers, fair trade movements and the financial sector.
 3. Now the questions come what parameters need to be defined and fixed ? On demand from various retailers from Europe and Asia, our STIC member organization, eco-tex, judges the performance of the manufacturers and made a ranking system based on their compliance to environmental performance, corporate social responsibility, and quality standards. This performance is on top of the price policy, which has ever been a performance factor. Through empirical working model of performance and ranking, we have realized that manufacturers from all developing countries stand almost equally in performing what expected from them and thus secure the position and existence of their countries in the global market (especially in front of the big countries).
 - The Buyers Project Group (Public and Private) will work closely with Producers to enlarge the market of "sustainable products".
 - **A voluntary purchasing initiative related to uniforms and work-wear as test initiative**
 4. Those manufacturers (in liberalized global market, irrespective of what countries) shall come forward to show their performance and if they achieve the expected and defined performance and ranking, obviously they will survive in the liberalized global market. This will induce the manufacturers not only to compete in achieving the defined performance level, but also to improve and upgrade the standards as per the expectations from policy level as well as from market level.
 - STIC-Textile will host "business to business" meetings, involving the members of the Buyers Project group, to review performances and barriers to trade.
 - A "Public-Private New Financing Mechanisms" (micro-credits) in support to Southern producers participating in the process, will be established.
 - The European Sustainable Trade Forum will host a session on barriers to trade in July.