

## Event Report

# Hybrid Seminar: Circularity and Used Textiles Trade in Pakistan: Policy and Practice for Sustainable Development

29 July, 2024

Seminar Hall, SDPI and online



## Table of Contents

<b>Objectives</b> .....	3
<b>Executive Summary</b> .....	3
<b>Welcome Remarks</b> .....	4
<b>Opening Remarks</b> .....	5
<b>Keynotes Speakers</b> .....	6
Mr. Jeroen Willems .....	6
Ms. Sameera Sheikh .....	7
Muhammad Sheikh Iqbal .....	8
<b>Presentation by Principles</b> .....	9
Ms. Beatriz Fernandez.....	9
Ms. Zainab Naeem.....	10
<b>Other Key Contributors</b> .....	11
<b>Key Recommendation from the Seminar</b> .....	13
<b>Conclusion</b> .....	14
<b>Annexure</b> .....	15

## **Hybrid Seminar: Circularity and Used Textiles Trade in Pakistan: Policy and Practice for Sustainable Development**

### **Objectives**

The hybrid seminar brought together government ministries, industry partners and associations, experts, civil society, and academia to exchange views on the current state of the trade of used textiles in Pakistan and helped to gather perspectives of the government's vision and strategy to advance this agenda forward, present the Circularity and Used Textiles Trade project, as well as to explore and identify potential policy recommendations, sustainable practices and implementation strategies.

### **Executive Summary**

This one-day hybrid seminar (nearly 30 persons attended in-person and more than 15 attended online) titled 'Circularity and Used Textiles Trade in Pakistan: Policy and Practice for Sustainable Development' brought together stakeholders from various sectors to collectively discuss the policies for ensuring sustainable development through circularity and used textiles trade in Pakistan.

The seminar began with a welcome note emphasizing the urgency of sustainability given limited resources. It was highlighted that Pakistan re-exports significant quantities of second-hand clothing, with major destinations including Mozambique, Tanzania, Thailand, Kenya, and Zambia. The discussion underscored the need for a collaborative approach to address the substantial textile waste produced annually and the role of circularity in extending the lifecycle of products and creating job opportunities.

Through presentations by project lead and partner organization, it was discussed that the textile sector contributes significantly to global greenhouse gas emissions and chemical use, with projections indicating substantial growth in the sector's economic value. The sector is also noted for its labour intensity and substantial employment opportunities, particularly for women.

Key insights from stakeholders included the economic, social, and environmental benefits of the used textiles market. This sector supports job creation, government revenue through import taxes, and provides affordable clothing options. Environmentally, it helps reduce waste and the release of harmful gases, while socially, it fosters socio-economic stability and sustainable consumption practices.

Challenges were also discussed which included the need for integrated approaches to carbon issues and human impacts, as well as compliance with international standards such as the Carbon Border Adjustment Mechanism (CBAM). Issues like inadequate recycling infrastructure and compliance with EU requirements were highlighted.

The seminar concluded with an engaging discussion on the current business models for post-consumer textiles in Pakistan and the importance of improving policies and infrastructure to support recycling and sustainability. Overall, the seminar facilitated knowledge exchange, technical capacity building, and the development of actionable recommendations to advance sustainability and circularity in the used textiles sector in Pakistan.

### Welcome Remarks

Mr. **Asad Naqvi's** welcome remarks emphasized the urgency of addressing sustainability in the face of limited resources. He highlighted the approaching 2030 deadline for the Sustainable Development Goals (SDGs) and stressed the need to accelerate efforts. To achieve meaningful progress, he called for collaboration among policy-makers, industry, and civil society. Mr. Naqvi underscored the significant role of the textile sector which contributes 59% of exports and employs nearly 40% of the workforce. Despite challenges like high energy costs and import restrictions, the second-hand textile sector remains crucial for many livelihoods. He concluded with a call to unite efforts towards a sustainable future. .



Figure 1: Mr. Asad Naqvi presenting his insights online.

## Opening Remarks

Opening remarks were given by Dr. Abid Qayyum Suleri

Dr. Abid began by thanking the participants and highlighted SDPI's commitment to advancing the principles of a circular economy. He noted that Pakistan emerged as the world's largest importer of used clothing in 2022, with imports valued at \$250 million. This significant importation underscores the crucial role of used textile trade in Pakistan's economy. Not only does the country import large quantities of second-hand clothing, but it also actively engages in the re-exportation and recycling of these items. In the same year, Pakistan exported \$267 million worth of used clothing with major destinations including Mozambique, Tanzania, Thailand, Kenya, and Zambia. This trade is integral to Pakistan's textile sector, facilitating the import, sorting, and resale of second-hand clothing. It provides affordable options for low-income consumers and supports numerous small businesses, thereby contributing to both economic and social benefits.



Figure 2: Dr. Abid is giving the opening remarks.

## Keynotes Speakers

### Mr. Jeroen Willems

Mr. Jeroen Willems emphasized the urgent need for collaborative efforts to tackle the challenges associated with the textile trade and circularity. He highlighted the staggering annual production of 12.6 million tons of textile waste per year by European Union alone, underscoring the magnitude of the issue. Mr. Willems illustrated the potential for extending the lifecycle of textile products by noting that a single T-shirt could be reused up to seven times. In 2022, the UN's adoption of a strategy focused on circularity and circular textiles marked a significant advancement towards sustainable practices. Mr. Willems pointed out that economic engagement with the European Union now mandates strict adherence to environmental compliance standards. He concluded by noting that the EU is actively working with companies to promote sustainability and address environmental concerns, making it crucial for exporters to align with these environmental regulations to access the European market. .



Figure 3: Mr. Jeroen Willems is presenting his insights.

### **Ms. Sameera Sheikh**

Ms. Sameera Sheikh underscored the critical importance of embracing circularity within Pakistan's textile sector, highlighting its necessity for maintaining competitiveness in the European market where 68% of the country's textile exports are directed. She emphasized that circular practices which aim to extend the lifecycle of products, have the potential to create new job opportunities and contribute to environmental sustainability. However, Ms. Sheikh acknowledged the sector's challenges including high inflation and rising energy costs, as well as the complexities associated with recycling textiles, such as significant energy consumption and potential chemical pollution. Despite these hurdles, she stressed that advancing technology for processing, optimizing design, and enhancing recycling processes is crucial for integrating circularity into Pakistan's textile industry effectively. Significant efforts are needed to realize these advancements and achieve the desired environmental benefits.



Figure 4: Ms. Sameera Sheikh is presenting her presentation on circularity.

### **Muhammad Sheikh Iqbal**

Muhammad Sheikh Iqbal emphasized that tackling circularity in the textile sector requires a holistic approach, incorporating considerations of carbon emissions and human factors beyond the immediate scope of textile production. He pointed out that Pakistan's capabilities in producing man-made fibers are currently insufficient and need substantial enhancement. Iqbal underlined the importance of improving sustainability by focusing on both man-made and nature-made fibers. Additionally, he highlighted the necessity of categorizing imported used textiles to optimize their management and use. Drawing a comparison, Iqbal noted that while normal textile producers in Bangladesh are subject to a 12% taxation rate, those engaged in leaf-certified exporting benefit from a reduced rate of 10%. He also cautioned that Pakistan could face significant challenges entering the European Union market if it fails to meet the standards set by the Carbon Border Adjustment Mechanism (CBAM).



Figure 5: Mr. Muhammad Sheikh Iqbal is speaking on the circularity and used-textile in the case of Pakistan.

## Presentation by Principles

### Ms. Beatriz Fernandez

Ms. Beatriz Fernandez delivered a compelling overview of the textile industry's environmental and economic impact. She underscored that textile production is highly chemical-intensive, with approximately 0.58 kg of chemicals used for every kilogram of textiles manufactured. This extensive chemical use contributes significantly to environmental degradation, with the textile sector accounting for 2-8% of global greenhouse gas emissions. Economically, the industry was valued at \$1.6 trillion in 2023 and is projected to reach \$3.3 trillion by 2030. Fernandez highlighted the crucial role of small and medium-sized enterprises (SMEs) within the textile sector, noting their significance in supporting numerous economies. Additionally, she pointed out that the textile industry is labor-intensive, providing substantial employment opportunities, particularly for women, who make up 75% of the workforce. This emphasizes the sector's importance not only from an economic perspective but also for its considerable social impact..

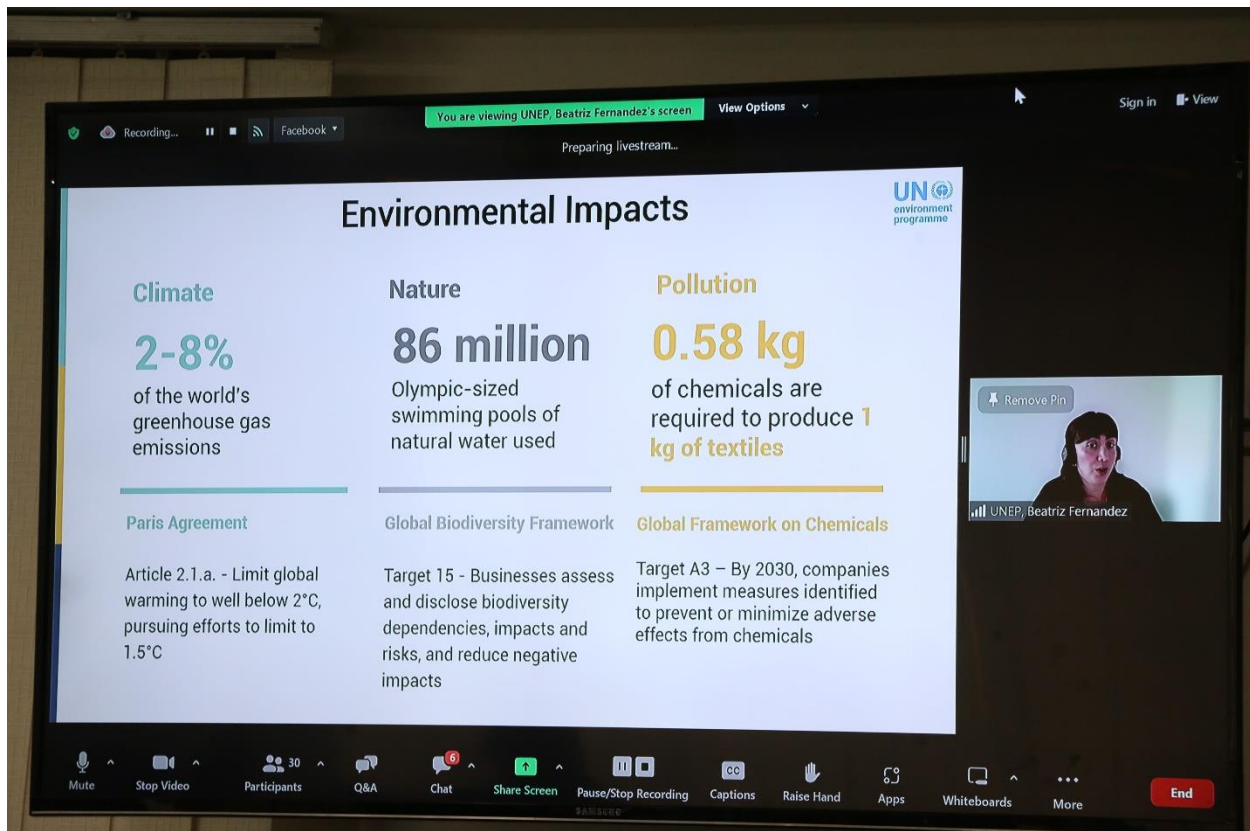


Figure 5: Ms. Beatriz Fernandez is offering insights on textile sector and its impacts.

### **Ms. Zainab Naeem**

Ms. Zainab Naeem provided a thorough examination of the multifaceted impact of the used textile market. Economically, the sector significantly contributes to job creation, especially in developing countries like Pakistan, and boosts government revenue through import taxes and duties. Environmentally, the reuse and recycling of textiles are vital in reducing waste and mitigating environmental damage, as textiles in landfills decompose and emit harmful gases like methane. Socially, affordable clothing options provided by this sector enhance socio-economic stability for lower-income populations and promote sustainable consumption practices. In 2021, around 2.1 million tons of post-consumer clothing were collected in the EU for recycling or resale globally, underscoring the issue's scale. Major exporters include the United States, EU countries, and Japan, while significant importers are found in Africa, South Asia, and Latin America. Ms. Naeem highlighted the lack of guidelines to distinguish between textile waste and second-hand textiles being exported to developing countries, a gap that needs addressing. The sector, which comprises 59% of Pakistan's total exports and employs nearly 30% of women, underscores its economic and social significance in the country. With an estimated market value of USD 40.09 million for its global exports, Pakistan's textile industry plays a crucial role in the global economy.



Figure 6: Ms. Zainab Naem is offering insights and preliminary findings from the project.

### **Other Key Contributors**

**Ms. Noureen Akhtar** addressed the significant challenges that textile companies in Pakistan face due to the stringent environmental regulations set by the European Union. One major requirement, the integration of recycled content into production processes, has been particularly difficult for local firms. According to Ms. Akhtar, Pakistan is currently lacking in both the appropriate policies and the necessary infrastructure to manage recycling effectively which has impeded textile companies' ability to meet international standards. Despite these challenges, she noted that post-consumer products are generating new entrepreneurial opportunities within Pakistan. However, these potential ventures are frequently hindered by insufficient funding, which is essential for their growth and sustainability.



Figure 7: Ms. **Noreen Akhtar** is offering insights and reflections on the textile sector in Pakistan.

**Dr. Yasir Nawab** highlighted the evolving business cycle for post-consumer textiles in Pakistan, emphasizing the collaborative efforts of various stakeholders in collecting and repurposing these materials. Notably, NGOs play a significant role in this process. Dr. Nawab pointed out that Pakistan has successfully developed a business model promoting circularity for post-consumer waste. The country imports approximately 800 million tons of post-consumer products annually, incurring a cost of about 50 million US dollars. A crucial part of this model is centered in the Karachi Export Processing Zone, where imported textiles are sorted, with nearly 30% re-exported to Africa, including nations like Kenya. This approach not only supports local initiatives but also strengthens international trade relationships.



Figure 8: Dr. Yasir Nawab from academia, offering theoretical insights on the used-textile market.

### Key Recommendation from the Seminar

Through this valuable session that contains expert discussions, presentations, and presentation of preliminary of findings, some of the actionable recommendations were proposed to improve the efficiency of used-textile market and ensuring the sustainability in the country. These recommendations can act as a guide to advance the means for improving sustainability landscape in Pakistan. Some of the recommendations have been stated below

**Enhance Circular Economy Practices:** Strengthen initiatives that promote circularity in the textile sector by supporting businesses and NGOs involved in the collection, sorting, and repurposing of post-consumer textiles.

**Increase Public Awareness and Engagement:** Implement awareness campaigns to educate the public and businesses about the benefits of circular economy practices and sustainable textile management.

**Support Innovation in Recycling Technologies:** Invest in research and development to improve recycling technologies and processes, making them more efficient and cost-effective.

**Strengthen Regulatory Frameworks:** Develop and enforce regulations that facilitate the recycling and re-exportation of used textiles, ensuring adherence to environmental standards and trade policies.

**Expand International Trade Opportunities:** Explore and establish new markets for re-exporting used textiles, building on successful models like those in Africa to increase economic benefits and support sustainable practices.

**Promote Collaboration Between Stakeholders:** Foster partnerships between government bodies, businesses, NGOs, and academic institutions to share knowledge, resources, and best practices in managing post-consumer textiles.

**Encourage Investment in Sustainable Business Models:** Provide financial incentives and support for businesses that adopt sustainable and circular practices in the textile industry.

**Improve Data Collection and Analysis:** Last but not least, enhance data collection and analysis to better understand the flow of post-consumer textiles and the impacts of various recycling and re-exportation activities.

## **Conclusion**

In conclusion, the seminar underscored the importance of advancing circular economy practices within the textile sector and highlighted the significant role that Pakistan plays in the global trade of used textiles. The insights shared by the speakers emphasized the need for continued innovation, collaboration, and public engagement to enhance sustainability. By investing in improved recycling technologies, supporting effective business models, and strengthening regulatory frameworks, we can ensure that the management of post-consumer textiles not only benefits the economy but also supports environmental and social goals. As we move forward, it is crucial that all stakeholders work together to build a more sustainable and circular textile industry.



## Annexure

### Hybrid Seminar on "Circularity and Used Textiles Trade in Pakistan: Policy and Practice for Sustainable Development"

**Date:** Monday, 29<sup>th</sup> July 2024

**Time:** 2:00 – 3:30 pm (PKT) / 11am – 12.30pm CEST

**Venue:** SDPI Seminar Hall, 4th Floor, Taimoor Chambers, Fazl e Haq Road, Blue Area, Islamabad and [online](#).

**Organizers:** UNEP and SDPI, with the European Union as funding partner of the [Circularity and Used Textiles Trade project](#).

## Background

The textile industry is a significant economic sector globally, with a market value of US\$1.6 trillion in 2023 and projections to reach US\$3.3 trillion by 2030. In Pakistan, textiles and apparel exports form a vital part of the economy, constituting 59% of the total exports. The sector is labour-intensive, providing employment opportunities, particularly for women. However, the rise of fast fashion has led to a linear consumption model that contributes to environmental degradation and economic inefficiencies. On the contrary, the trade of used textiles plays a crucial role in promoting circularity and sustainability within the textile industry. The trade of used textiles in Pakistan is a vital part of the textile industry, providing economic benefits and opportunities for sustainability. By extending the lifecycle of textile products, the trade of used textiles helps to reduce waste, conserve resources, and minimize the environmental impact of textile production. Circularity in textiles involves the creation of closed-loop systems where products are reused, recycled, and repurposed, thus fostering sustainable consumption and production patterns.

Recognizing the urgency to transition towards a sustainable and circular textile economy, and the role that trade and trade policy can and should play, the United Nations Environment Programme (UNEP) has launched the "**Circularity and Used Textiles Trade**" project, funded by the European Union, and implemented by SDPI in Pakistan.

It aims to identify key policy, financing, investment and regulatory priorities for trade and policy reforms to enable this transformative change; as well as to develop a global guideline to determine the suitability to trade products as used textiles, and a global criteria to help better

differentiate between used textiles and textile waste, supporting countries like Pakistan to achieve their environmental and socio-economic objectives.

## Objectives

The hybrid seminar will bring together government ministries, industry partners and associations, experts, civil society, and academia to exchange on the current state of the trade of used textiles in Pakistan and hear perspectives of the government’s vision and strategy to advance this agenda forward, present the Circularity and Used Textiles Trade project, as well as to explore and identify potential policy recommendations, sustainable practices and implementation strategies.

## Agenda

*as of 23 July 2024*

Time (All in PKT)	Agenda Item
2:00 PM - 2:10 PM	<b>Welcome Remarks</b>
	<ul style="list-style-type: none"> <li>• <b>Dr Abid Suleri</b>, Executive Director, SDPI</li> <li>• <b>Asad Naqvi</b>, Head, Economic and Trade Policy Unit, UNEP</li> </ul>
2:10 PM – 2:30 PM	<b>Keynote Speakers</b>
	<ul style="list-style-type: none"> <li>• <b>Ms. Romina Khurshid</b>, Coordinator to the Prime Minister of Pakistan on Climate Change and Environmental Coordination, Chief Guest</li> <li>• <b>Mr. Mudassar Raza</b>, Director General of Textiles, Ministry of Commerce of Pakistan</li> <li>• <b>Mr. Jeroen Willems</b>, Head of Cooperation, EU Delegation to Pakistan</li> </ul>
2:30 PM - 2:45 PM	<b>Presentation</b>
	<b>The 'Circularity and Used Textiles Trade' Project, and Preliminary findings on 'The trade of used textiles in Pakistan'</b>
	<ul style="list-style-type: none"> <li>• <b>Beatriz Fernandez</b>, Programme Management Officer, UNEP</li> <li>• <b>Zainab Naeem</b>, Associate Research Fellow, SDPI</li> </ul>
2:40 PM – 3:20 PM	<b>Open discussion with stakeholders: Toward a sustainable, inclusive and circular economy on the trade of used textiles in Pakistan</b>

	Moderated by SDPI
	<p><u>Invited 'Discussion Starters':</u></p> <ul style="list-style-type: none"> <li>• <b>Sheikh Muhammad Iqbal</b>, CEO, Pakistan Textile Council (PTC)</li> <li>• <b>Ms. Noreen Akhtar</b>, All Pakistan Textile Mills Association (APTMA)</li> <li>• <b>Ms. Romina Kochius</b>, Coordinator for Sustainable Economic Development, Training, and Employment at GIZ</li> <li>• <b>Ms. Azka Rehman</b>, Sustainability Lead, Sapphire Mills</li> <li>• <b>Dr. Yasir Nawab</b>, Professor/Dean, School of Engineering &amp; Technology, National Textile University</li> </ul> <p>Followed by open discussion with participants in person and online.</p>
3:20 PM - 3:30 PM	Closing and next steps