

# European Commission Forecasts Sweeping Legislative Reforms in Circular Economy Action Plan and Forthcoming Strategy for Textiles

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As Part of the European Union's (EU) Green Deal, the European Commission (Commission) announced the adoption of its updated [\*Circular Economy Action Plan\*](#) (Action Plan) on March 11, 2020. Going well beyond existing EU legislation, the Action Plan is an ambitious and comprehensive look at the road ahead for the European economy, laying out the Commission's "new EU industrial strategy" and goal to transition to "a sustainable economic system." Sweeping in its reach, the Action Plan sets aggressive timelines for implementation within the next five years, prioritizing change for resource-intensive target sectors – including the textile industry. Its implementation will include issuance of the ***EU Strategy for Textiles*** in 2021, which will outline the regulatory changes to come for the EU's textile value chain, boosting circular practices from design to end-of-life.

Though neither are enforceable as law, the Action Plan and Strategy for Textiles are reliable roadmaps of impending legislation at EU and Member State levels, with significant implications for textile manufacturers invested in the European market. Moreover, they are indicative of larger global shifts towards circular practices across a variety of sectors that present meaningful opportunities for early adapters and valuable foresight into coming compliance challenges.

## European Green Deal and the Circular Economy Action Plan

On December 11, 2019, the Commission issued the [\*European Green Deal\*](#), setting forth the EU's commitment to "tackling climate and environmental-related challenges[.]" As one of several initiatives in furtherance of the Green Deal, the Commission pledged to "mobili[ze] industry for a clean and circular economy," by way of the ***EU Circular Economy Action Plan***.

The March 2020 Action Plan spells out the Commission's approach for transforming the European economy in several ways – including implementing a sustainable product policy framework, encouraging consumer empowerment, and fostering circular production. The Commission is prioritizing implementation of the sustainable policy framework across "key product value chains," including electronics and information and communications technology, textiles, furniture and high impact intermediary products (steel, cement, chemicals), for which the Commission plans to take legislative action within the next three years. Under the sustainable product policy framework,

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forthcoming legislation will aim to address the following key areas:

- Improving product lifespan, reusability, and reparability, while addressing presence of hazardous chemicals and increasing energy and resource efficiency;
- Increasing recycled content in products;
- Enabling remanufacturing and high-quality recycling;
- Reducing carbon and environmental footprints;
- Restricting single-use products and countering premature obsolescence;
- Banning destruction of unsold durable goods;
- Incentivizing product-as-a-service, where producers retain ownership and responsibility of a product throughout its life cycle;
- Encouraging digitizing of product information, including through digital passports, tagging and watermarks; and
- Rewarding products for sustainability performance, including through offering incentives.

## Strategy for Textiles

The Action Plan specifically promises issuance of the ***EU Strategy for Textiles*** in 2021, which will aim to mitigate the resource-intensive demand of the textile industry and encourage sustainability and circularity in the textile value chain. The Strategy, as outlined in the Action Plan, will outline several legislative measures to:

- *Apply the sustainable product policy framework in the Action Plan to the textile industry, including implementing eco-design measures, ensuring use of secondary raw materials, tackling the presence of hazardous chemicals, improving transparency to empower consumer choice for sustainable textiles, and increasing access to repair and reuse services;*
- *Improve the business and regulatory environment for sustainable and circular textiles, including through developing incentives and support for product-as-service models, encouraging use of circular materials and production processes, and increasing transparency through international cooperation;*

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- *Provide guidance to manage and coordinate separate collection of textile waste* to support reuse and recycling – which Member States will need to ensure by 2025; and
  - *Boost the sorting, reuse and recycling of textiles*, through innovation, industrial application and regulatory measures (such as extended producer responsibility).

## Implications and Future Considerations

As noted above, while the Action Plan and Strategy for Textiles lack the force of law, they are meaningful forecasts of where we expect the EU to take significant action in the near term with far-reaching implications for the textile industry – among others – operating in the EU market.

Notably, the EU's actions are part of a larger global patchwork of laws and initiatives countering waste and encouraging circularity – and will likely inspire others. These efforts target a variety of product and waste categories that could affect the viability of a circular textile and fashion industry, including:

- In January, France issued the [Anti-Waste Law for a Circular Economy](#), which includes many of the same requirements as the Action Plan, including a prohibition against disposal of unsold goods beginning no later than December 31, 2021. After that date, the law will require companies – specifically highlighting textile producers, distributors and online platforms – to donate or recycle unsold non-food products.
- In recent days, fashion retailers, along with a number of other major brands, have [committed](#) to accelerating the transition to a circular economy as they respond to the unprecedented challenges the world faces, including the coronavirus pandemic and climate change. For fashion, in particular, they have committed to ensuring clothes are used more, are made to be made again, and are made from safe and renewable materials.
- Rapidly emerging global waste regulations, including those restricting the international movement of waste plastics, raise important questions about how manufacturers of textile products can incorporate used goods into their supply chains.
- Fashion retailers and others transporting and selling textiles face increased attention to the regulation of packaging for their products, including restrictions on plastic bags in hundreds of national and subnational jurisdictions and proposals to apply extended producer responsibility to packaging.
- EU trade partners in the textile industry may feel pressure to update existing laws – such as China's 2008 Circular Economy Promotion Law - to match the evolving circular economy standards and maintain access to the EU market.

Given the substantial market transformation that the Action Plan portends – with implications that may reach far beyond the EU – textile manufacturers, retailers, and others in the value chain should continue to track these emerging legal requirements in order to review their practices, assess risk, and ensure compliance.

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