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**Simplification of EU legislation in the field of textile names and labelling - Impact
Assessment – Executive Summary**

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Simplification of EU legislation in the field of textile names and labelling - Impact Assessment – Executive Summary

EU legislation in the field of Textile Names and Labelling consists of three Directives, amended over recent years in order to introduce new fibre names into the European legislation (adaptation to technical progress). Directive 96/74/EC on textile names requires the labelling of the fibre composition of textile products using only the harmonised names listed in Annex I to the Directive. Directives 96/73/EC and 73/44/EEC specify the methods of analysis to be used to check whether the composition of textile products is in conformity with the information supplied in the label.

These Textile Directives need to be adapted every time a new generic name for a novel fibre is to be added to the technical annexes. The procedure starts with the submission to the Commission services of an application file prepared by an economic operator. From a political and legal point of view, the introduction of a new fibre name is a minor technical amendment to EU legislation. However, as the legislation is in the form of Directives, it requires all Member States to take action to transpose the amending Directives. Experience has shown that it takes a long time between the introduction of a request for a new fibre and its legal adoption in the EU. In the framework of the legislative simplification programme being undertaken by the European Commission, it is proposed to revise EU legislation on Textile Names and Labelling in order to simplify its adaptation to technical progress.

The key issue surrounding the current regulatory framework, for both public authorities and industry, is the time taken between the initial application for a new fibre and its legal adoption across the EU. The simplification of EU legislation in this field is thus focused on streamlining the procedure and on saving time to add a new fibre name to the technical annexes of the Directives. Therefore, the options examined do not affect the provisions for the labelling of textile products with respect to the fibre composition and the institutional decision-making process is not changed.

In order to achieve the objective of reducing the time taken to legally market a new textile fibre name in the EU, the available solution is to change the three existing Directives into one or three Regulations, the preference going to one Regulation if it is confirmed by the Legal Service that this is a sound solution from a legal point of view.

The Regulation will simplify the adaptation to technical progress. Member States will no longer need to transpose technical amendments in the form of Directives into national legislation, resulting in a direct reduction of the administrative burden. Furthermore, it will allow authorising the marketing of a new textiles fibre name within a period 12 months shorter than the current situation, bringing substantial benefits to economic operators.

The feasibility of having a non-legislative solution for textile names was also examined. Dropping altogether textile names labelling is not an option. Information to consumers in this area is important for reasons of comfort associated with the properties of certain fibres and also for health reasons because some consumers develop allergies to certain fibres. Furthermore, the European Union legislation in this domain was developed in order to harmonise national legislations and avoid technical barriers to free circulation of textile

products in the Community market. In addition, economic operators benefit from creating new fibres and having them widely known.

The possibility of self-regulation was also considered. However, the experience obtained with applications for new fibre names has shown that the names proposed are sometimes closer to brand names than to fibre names related to the properties of the fibre; the fibre definition proposed is not always in line with the fibre properties, providing therefore wrong information to the consumer; and the testing methods proposed are almost always incomplete or not sound preventing market surveillance authorities of assessing conformity.

Member States do not favour either possibility. Therefore, both potential options above were no further examined.

It was also considered if negative effects on environment and employment could result from the proposed simplification of the legislation. With respect to environment, the legislative simplification does not appear to bring changes to the current situation. There is no evidence of environmental problems associated with the rhythm of new textile fibres brought to the market. On the contrary, it could be argued that environmental benefits may arise from encouraging the production of fibres which can replace a natural fibre such as cotton, whose production process involves some environmental problems. Therefore, the investigation on potential negative effects resulting from putting an additional new textile fibre in the market each year was no further pursued.

A similar situation occurs with respect to employment. If any effects may result from bringing new textile fibres earlier to the market, those effects can only be positive. In fact, innovation associated with new textile fibres is a competitive advantage of the European textiles and clothing industry. Together with other aspects, it has contributed to enable the industry to go through deep modernisation and restructuring processes over decades and remain world leader in areas such as technical and industrial textiles and fashion. The trends in the sector show developments into less but larger and more modern companies employing less but better paid employees. The job losses in the European textile and clothing sector are mainly related to the changes in the combination of production factors at international level. In Europe, as compared to other regions in the world, the combination of technologies, know-how and labour force costs provide competitive advantages for the production of high value-added, quality and innovative products and companies are regularly dropping mass production. Within this framework, new textile fibres are contributing to giving a new shape for the textiles and clothing industry and in spite of a reduction in its share in the European economy, it remains at 3,5% of the manufacturing added value ¹. Therefore, negative effects on employment resulting from the proposed legislative simplification were not identified and were not further examined.

Along with the option for a Regulation, further possibilities of reducing the time between the introduction of a request for a new fibre and its legal adoption in the EU were assessed.

Experience in recent years has shown that application files are almost always incomplete, in particular with respect to testing methods. It was therefore decided to examine whether providing more specific guidance on how to prepare an application file would bring net benefits to economic operators, consumers and public administrations.

¹ Eurostat

In addition, it was also considered the possibility of making the application files be examined by one of the existing specialised laboratories before its submission to the Commission services.

Finally, it was explored the idea of passing to the standardisation process the contents of the technical directives related to the testing methods. Technical methods can be transformed into European standards. This possibility would further simplify the European Union legislation. It was therefore worth examining if this operation does not compromise the key objective of reducing the time for legally marketing new fibres in the EU.

With those objectives, the following policy options and sub-options were considered:

- (1) **Option 1: No policy change** – this option will be analysed as the “baseline” scenario and each option will be compared with the current procedure;
- (2) **Option 2: Adopt new regulation(s)** – this involves replacing the three directives on textile names and labelling by one (or a series of) regulations, with sub-options as follows:
 - (a) Option 2.1: Adopt such new regulation(s) without any additional provisions;
 - (b) Option 2.2: Adopt such new regulation(s), adding an annex specifying the contents of the application file;
 - (c) Option 2.3: Adopt such new regulation(s), including provisions to establish a list of laboratories recognised by Member States;
 - (d) Option 2.4: Adopt such new regulation(s), including an annex specifying the contents of the application file and provisions to establish a list of laboratories recognised by Member States (Option 2.2 plus Option 2.3).
- (3) **Option 3: Adopt a combined regulatory / non-regulatory approach (standardisation)** - this means a new regulation would contain the provisions currently included in Directive 96/74/EC (as amended) while the quantification methods would be transferred to the domain of standardisation.
 - (a) Option 3.1: Adopt such new regulation(s)/standardisation procedures without any additional provisions;
 - (b) Option 3.2 Adopt such new regulation(s)/standardisation procedures, adding an annex specifying the contents of the application file;
 - (c) Option 3.3 Adopt such new regulation(s)/standardisation procedures, including provisions to establish a list of laboratories recognised by Member States;
 - (d) Option 3.4 Adopt such new regulation(s)/standardisation procedures, including an annex specifying the contents of the application file and provisions to establish a list of laboratories recognised by Member States (Option 3.2 plus Option 3.3).

The policy options proposed could result in significant savings in the length of time required to obtain a new fibre name following an application, bringing economic benefits and reducing

the costs. Furthermore, the analysis has shown that significant savings in time have the potential to encourage innovation.

Industry and Member States consider that speeding up the process of introducing a new fibre name leads to more fibres being brought to the market. According to the industry, one new fibre generates net benefits per year between €100,000 and €2 million, depending on several factors. If one or two further new fibre names are put forward each year, benefits for industry would increase considerably. Benefits of new and innovative fibres for downstream producers using them have not been analysed. However, it is worth mentioning that a recent fibre named elastane, with particular elastic properties, has enabled important changes to take place in clothing production, bringing competitive advantages and substantial profits.

With respect to SMEs, it appears to be particularly important to reduce the time between investment in a new fibre and the ability to market it under a new name. According to the information provided by the industry, the whole business of a SME may be dependent on the time it takes a certain fibre to go to the market.

The analysis and comparison of the policy options leads to the following conclusions:

- the greatest benefits for industry arise from reducing the time taken between an application for a new fibre name being submitted and the ability to place the fibre on the market with the new name. This results in savings in administrative costs and earlier realisation of revenue from sale of the fibre. Options 2.4 and 3.4 (Case A) potentially deliver the most significant cost savings and overall benefits. Potential time savings under these Options are 18 to 33 months, up to 6 months greater than for the other Options;
- the greatest benefits to Member State authorities are from replacing the Directives with Regulation(s), because they would no longer need to transpose the amendments into national legislation. This could generate significant cost savings to Member States. These cost savings arise under all sub-options of Options 2 and 3;
- there are potential benefits to industry and public authorities associated with providing guidance on the contents of the application file (Options 2.2 and 3.2) and on setting up a list of recognised national laboratories under (Options 2.3 and 3.3). If these Options result in the submission of application files more in line with the requirements of the Commission services, this could result in significant time savings up to 18-27 months for both industry and public authorities; and
- all of the Options will retain the benefits for consumers of certainty that the named fibres meet specified characteristics. Consumers may also gain additional benefits from new fibres reaching the market earlier.