



Socioeconomic Impacts of European Union Circular Textiles Policies on Trading Partners

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*Exploring the impact of EU textile policies on
partner trading countries
Focus on Bangladesh and Ghana*

 **CIRCLE**
ECONOMY

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Glossary

Corporate Sustainability Due Diligence Directive (CSDDD): This EU Directive, in force since 25 July 2024, establishes corporate due diligence duty, requiring obligated actors to identify and address both actual and potential human rights and environmental issues within their value chains.

Discard: This term is used in the proposed amendments to the Waste Framework Directive in the context of discarding used textiles. It includes textiles discarded with the intent and possibility for reuse, and those without, and thus covers waste and non-waste scenarios.

Ecodesign for Sustainable Products Regulation (ESPR): In force since 18 July 2024, the ESPR establishes a framework for setting ecodesign requirements for product groups.

End-of-waste: The point at which waste ceases to be legally categorised as such following a particular process or treatment activity.

EU Strategy for Sustainable and Circular Textiles: The overarching EU strategy for the textiles sector (adopted in March 2022) aligns with and implements broader goals of the industrial strategy under the EU Green Deal and the Circular Economy Action Plans.

Jhut: Post-industrial waste from textile production processes encompassing fabric scraps, yarn and additional residues.¹

Ready-made garment (RMG) sector: The apparel production segment of textiles value chains. Production locations are typically based on procurement requirements—namely, the cost of manufacturing—as well as quality, capacity, and possible risk involved.²

Small and medium-sized enterprises (SMEs) and micro, small and medium enterprises (MSMEs): Business entities engaged in economic activities (irrespective of legal form) defined based on number of employees and turnover.

Textile waste: Although there is no universally recognised definition of textile waste, for the purposes of this research series, it will refer broadly to textile items discarded by their holders, regardless of their potential for reuse, recycling, or disposal, as defined by the EU Waste Framework Directive. While legal definitions provide clarity, textile waste is subjective and not a fixed category, as perceptions of what constitutes waste vary.

¹ German Cooperation Deutsche Zusammenarbeit, GIZ, & H&M Group. (2024). *Study for a regulatory framework to enable recycling of post-industrial waste (Jhut) for the RMG industry in Bangladesh*. Dhaka: German Federal Ministry for Economic Cooperation and Development. Retrieved from: [Asia Garment Hub website](#).

² Megersa, K. (2019). Structure of the global ready-made garment sector. Knowledge, evidence and learning for development (K4D). Retrieved from: [UK government website](#).

Waste Framework Directive: The EU directive establishes the basic concepts, principles and definitions related to waste management, including operationalising circular economy principles through the waste hierarchy.

Waste Shipment Regulation: The legislation responsible for implementing the obligations of the Basel Convention (international treaty on the transboundary movement of waste) at the EU level, the latest version of which entered into force on 20 May 2024).

Extended Producer Responsibility (EPR): A policy mechanism aimed at internalising waste management costs and shifting the financial responsibility for end-of-life management (including the infrastructure needed for sorting, reuse, repair and recycling) to producers (in line with the Polluter Pays Principle).³ It is also considered a possible tool for improving the transparency and traceability of global material flows.⁴

Post-consumer textiles: Textiles ecosystem products—textiles, clothing, leather and footwear (TCLF)—that have been collected for reuse or disposal after being purchased, used, and discarded by households, individuals, commercial entities, or industrial activities.

³ Eunomia. (2022). Driving a circular economy for textiles through EPR. Retrieved from: [Eunomia website](#).

⁴ Ellen MacArthur Foundation. (2024). We need extended producer responsibility (EPR) policy for textiles. Retrieved from: [Ellen MacArthur Foundation website](#).

Executive summary

This report is a component of *The socio-economic impacts of European Union circular textile policies on two EU partner trading countries: Bangladesh and Ghana* project, which examines how recent EU circular textile policies affect key socioeconomic areas in Bangladesh and Ghana. These policies—including the Waste Framework Directive (WFD), the Waste Shipment Regulation (WSR), the Ecodesign for Sustainable Products Regulation (ESPR), and the Corporate Sustainability Due Diligence Directive (CSDDD)—affect key socioeconomic areas within Bangladesh and Ghana’s textile industries and labour forces, influencing both upstream and downstream value chains.

By identifying potential impacts of EU policies beyond Europe, this study uncovers challenges in understanding extra-EU effects and highlights significant blind spots, positioning itself as a foundation for continued research. The report further examines the likely social and economic effects of these policies across five themes: Competitiveness and transition costs, Labour market and sectoral transformation, Work reallocation and skills development, Informality and the circular economy, and Decent work and social equity.

Competitiveness and transition costs present significant uncertainties regarding how EU policies will affect textile industries in Bangladesh and Ghana. While the ESPR may advantage firms with existing sustainability practices, it could also restrict Bangladesh’s access to EU markets, particularly for low-cost textiles reliant on virgin materials. Additionally, the CSDDD may lead some brands to prioritise suppliers that are already able to meet compliance requests, leaving the Bangladeshi market altogether if suppliers there are unable to meet new demands. Ghana, which primarily imports secondhand textiles, may have opportunities to expand its role in exporting upcycled products for EU markets, contingent on trade agreements that recognise circular products as Ghanaian-made. However, compliance costs—such as those associated with transparency and traceability in the Digital Product Passport—pose a risk to workers in Bangladesh, who may face layoffs or lack sufficient pay raises as companies focus their resources on meeting these product demands.

The transition to a circular economy is expected to reshape the labour market, leading to both job creation and losses, with uncertain outcomes across different geographies and social demographics. While recycling and related industries could generate employment, job losses in sectors such as raw material extraction may be challenging to offset. Informal workers, especially women, are particularly vulnerable: they are overrepresented in low-wage roles within the circular economy and underrepresented in higher-value roles and segments of the value chain.

Both Bangladesh and Ghana lack structured pathways for workers to navigate this transition, especially in informal sectors where recognised training or qualifications that align with anticipated changes are limited. In Ghana, informal workers at Accra’s Kantamanto market are integral to the secondhand textile trade but are often overlooked in formal upskilling initiatives. In Bangladesh, training and professional development opportunities are scarce,

particularly for women who encounter systemic barriers. Without structured plans to support these workers, the circular economy transition could further marginalise an already vulnerable workforce.

Informality within textile value chains complicates the EU's circular policy goals.

In Bangladesh, informal recycling practices involving 'jhut' (textile waste) contribute significantly to circularity and require dedicated policy support. Ghana's secondhand clothing market similarly relies on informal workers, who possess critical skills and knowledge but are often excluded from being consulted in shaping formal policies. Recognising and supporting the role of informal workers in the circular economy is essential for meaningful, locally relevant policy implementation.

Social equity is another significant challenge in aligning EU circular economy policies with local realities.

The CSDDD, while promising in its potential to realise transparency improvements in the textiles value chain, excludes downstream workers involved in reuse and recycling. Without more stringent and targeted protection measures, workers in sectors affected by reuse and recycling policies remain vulnerable. Effective policy frameworks must address working conditions, social dialogue, and rights protections, ensuring the benefits of circular policies reach all workers, including those in informal and lower-tier sectors.

Introduction and methodology

This report fits inside a wider series of reports published under *The socio-economic impacts of European Union circular textile policies on two EU partner trading countries: Bangladesh and Ghana*. The research project includes an initial baseline assessment of *Textile Trade Flow and Employment Baseline* for [Ghana](#) and [Bangladesh](#). This involved analysing the current trade patterns between these countries and the EU, focusing on export/import trends, value chains, and market dependencies. Additionally, the study assessed the textile employment landscape in both countries, examining workforce size, demographics and informal labour rates. Following this, a [Circular textiles policy review: Considerations for EU trading partner countries](#) was conducted by the European Environmental Bureau (EEB). This phase assessed the differences between the EU's textile-related policy frameworks and those in Bangladesh and Ghana, specifically focusing on circular textile policies to provide insights for potential policy harmonisation or adjustments. The analysis developed scenarios of potential future changes to trade flows and the possible consequences for Ghana ([Circular textile trade scenarios between the EU and Ghana](#)) and Bangladesh ([Circular textile trade scenarios between the EU and Bangladesh](#)), based on upcoming EU legislative changes.

The final step, which is the focus of the current report, is to identify potential social and socio-economic impacts of EU circular textile policies on key stakeholder groups in Ghana and Bangladesh. Building on the *Textile Trade Flow and Employment Baseline Analysis* for [Ghana](#) and [Bangladesh](#) and the *Circular textile trade scenarios* between the EU and [Ghana](#) and the EU and [Bangladesh](#), the research team aims to explore the potential social and socio-economic impacts on the case study affected stakeholder groups, namely businesses and workers, both formal and informal, and actively validate these findings with local partners. It centres on how recent EU legislation may impact two partner trading countries, Bangladesh and Ghana, key players at different poles of the value chain: production and activities at the final stages of reuse, repair and waste management. The legislation examined in this report falls within the scope of the policies under review in the [Circular textiles policy review Considerations for EU trading partner countries](#). In particular, it considers the EU Waste Framework Directive (WFD), the Waste Shipment Regulation (WSR), the Ecodesign for Sustainable Products Regulation (ESPR), and the Corporate Sustainability Due Diligence Directive (CSDDD).

The effects of these regulations and directives are examined across five key socioeconomic themes. The themes—or impact categories—were articulated iteratively during data collection and the initial stages of analysis. Recurring concepts and insights were clustered, initially under the headings 'social impacts' and 'economic impacts'. What followed was a collaborative process within the research team of Circle Economy of refining and clarifying these to arrive at the final set of broad impact categories used in this report, which are intended to provide structure and a clear point of entry for examining complex topics across the very different contexts of Bangladesh and Ghana. There is some overlap in content, given the deeply interconnected

nature of the impacts explored. The goal is not to carry out a comparative analysis but rather to aid policymakers' understanding of impacts. As such, while impacts are not generalisable with EU trade partners, these impact categories may enable the identification of relevant impacts across additional contexts.

The report explores the following themes:

- 1. Competitiveness and transition costs:** This theme explores the anticipated effects of EU legislation on the competitiveness of textile-sector activities in trade partner countries. It focuses on potential opportunities in new markets (such as recycling and upcycling) alongside potential challenges stemming from 'transition costs', which include increased production costs, sustainability standards, fluctuating global market dynamics and changing market access requirements.
- 2. Labour market and sectoral transformation:** This theme explores how European legislation might drive shifts in employment patterns throughout the garment industry in both domestic industries, the demand for different skills, and the overall structure of the textile sector. It assesses the potential emergence of new jobs and roles, the potential for job displacement, and related questions on skill requirements. While it has yet to be possible to develop a full picture of these employment patterns within different worker groups and social demographics, this piece aims to highlight impacts on marginalised workers' positions in labour markets in particular.
- 3. Informality and the circular economy:** This theme investigates how circular economy transitions in policy and industry may affect informal sectors within EU trade partner countries. The informal sector often plays a crucial role in the circular economy, carrying out circular practices, often not labelling them as such. However, circular economy policies may disrupt these existing systems if they are not designed in collaboration with informal sector⁵ actors (see Box one below).
- 4. Work reallocation and skills development:** This theme focuses on the need for reskilling and up-skilling for workers in the garment industry broadly in response to new sustainability standards shaping industry agendas at the international level. It explores how partner countries can enable their workforce to meet the demands of an evolving sector, including potential support from international bodies and the EU.
- 5. Decent work and social equity:** This theme assesses the impact of EU legislation on social equity in partner countries, with a primary focus on how this relates to labour, including working conditions, health and safety, social dialogue, and fair remuneration. It also considers how EU texts might positively impact the situation for workers in trader partner countries, ensuring that workers' rights agendas continue to advance in tandem with economic transitions.

⁵ The informal section is described in Box one below.

The analysis carried out in this report has three intended outcomes:

- 1. Summarise key expected impacts across the five dimensions listed above and identify affected groups.** This report provides a detailed summary of the anticipated impacts of EU textile legislation on partner trading countries. It identifies which groups—such as workers, businesses, and communities—are most likely to be affected, highlighting both positive and negative outcomes.
- 2. Identify the key stakeholders for the transition and address both challenges and opportunities.** This report maps the types of stakeholders that should be involved in driving the circular transition, including governments, industry associations, trade unions and international organisations. It will also highlight how and where broader communities and workers can be recognised and more meaningfully integrated. It further outlines roles in mitigating challenges and harnessing opportunities, emphasising collaboration, accountability, and shared responsibility.
- 3. Develop recommendations for monitoring the impact on trading partners and supporting trading partner countries.** This report proposes a set of recommendations to evaluate the potential impacts of policies during future policy design phases and support EU partner trading countries with the effects of European legislation.

Methodological approach

As a first step for this analysis, a detailed review of key regulatory texts and their associated Impact Assessments was carried out to identify both positive and negative impacts on the partner trading countries. This was supported and complemented by a review of grey and academic literature in relation to the five socioeconomic themes explored. Interviews were also conducted regarding the legislative texts with key stakeholders from labour unions, trade organisations, academic institutions and NGOs, and workshops were conducted with local partners. Stakeholders were mapped and selected based on consultation with local partners (BUILD for Bangladesh and The Or Foundation for Ghana), previous research experience, the literature review, and suggestions made by interviewees (snowball sampling). The initial draft of the text was reviewed by a Gender Equality and Social Inclusion (GESI) specialist, followed by two rounds of feedback to evaluate and refine the report's findings and conclusions thoroughly.

A set of initial assumptions developed by Chatham House informed the development of short-, medium- and long-term trade flow change scenarios and consequences for Bangladesh and Ghana. This was presented in the [Circular textile trade scenarios between the EU and Ghana](#) and the [Circular textile trade scenarios between the EU and Bangladesh](#). Building on this, we developed a list of key research questions (listed below) for each country to assess how foreseen regulatory changes in the EU may impact workers and businesses both upstream and downstream. It is key to stress that most of the EU regulatory texts addressed in this report have been recently adopted—or are yet to be adopted. For this reason, all foreseen impacts should be seen as exploratory and anticipatory. It must also be acknowledged that these policy changes are taking

place alongside other significant changes already having immediate and noticeable impacts on the textile value chain and are reshaping the industry. For example, macroeconomic dynamics—such as currency collapse—have a more immediate and noticeable impact on the textile import market in Ghana, while developments in automation and digitalisation are already significantly reshaping production and manufacturing in Bangladesh. Recently, political unrest has also impacted the country's garment sector. Similarly, climate-induced physical risks for workers are likely to impact worker productivity in the sector. A recent research from Cornell ILR Global Labor Institute and Schroders estimates that the combined effects of rising heat and intense flooding will cost hundreds of billions of dollars in would-be earnings and millions of forgone jobs for the fashion industry in projections for 2030 and 2050.

This analysis focuses solely on potential socioeconomic impacts rather than environmental ones. In a more comprehensive analysis, environmental impacts should also be considered. The analysis and interpretation of these possible impacts aim to take broader questions of social equity and contexts of marginalisation into account. However, key knowledge gaps remain, especially in terms of a complete disaggregation of impacts across different social/worker groups in each context. Additional research questions beyond the scope of analysis relate to the ongoing effects of historically rooted power dynamics inherent in global trade regimes. A full list of limitations to this research is included in the section 'Main limitations of the research and future research recommendations' of this report.

Bangladesh

Chatham House's research paper for Bangladesh, [Circular textile trade scenarios between the EU and Bangladesh](#), presents scenarios which could see Bangladesh's ready-made garment (RMG) textile exports to Europe initially decreasing (in the next one to five years) as the country adapts to new product requirements and brands shift to using more recycled content, eventually stabilising in the medium and long term (five plus years). RMG exports would be impacted if they could not meet new design requirements and traceability rules. On the other hand, textile producers with pre-existing capacities to produce sustainable, circular, and traceable products could leverage this competitive advantage. Building on these assumptions and scenarios, the research questions addressed in this analysis are:

- What are some potential effects of declining RMG exports on employment and income levels in Bangladesh?
- How will the transition to circularly designed textiles affect the skills demand and labour market dynamics in Bangladesh?
- What policies or interventions could mitigate potential job losses in the textile sector due to shifting global market demands?
- How will new tariffs, product design and traceability rules affect the competitiveness of Bangladesh's textile and RMG industries in the global market? Who will be most affected?

Ghana

Chatham House's research for Ghana, [Circular textile trade scenarios between the EU and Ghana](#), argues that initially, all textile exports to Ghana, both low and medium to high quality, will

increase as the EU rolls out new legislation, which will not have an immediate effect on reducing demand for new textiles. Over time, it is assumed that high-quality exports from the EU will steadily decrease as repair and recycling capacity within the EU improves, while the ban on destroying unsold goods could lead to a sustained export flow to EU-trading countries before eventually stabilising. The volumes of low-quality textiles and unsold goods volumes being exported will be dependent on the end-of-waste (EoW) criteria. This is supported by the fact that France, where this legislation has already been introduced, has seen a large share of unsold products (including usable and unusable textiles) being exported to countries in Africa and Asia.⁶ Building on these assumptions, the research questions addressed in this analysis are:

- What are the potential effects on employment in Ghana's textile sector (primary production and second-hand, with an emphasis on the latter) due to the surge and subsequent decline in high-quality post-consumer textile exports from the EU?
- How will changes in the EU–Ghana textile import-export markets impact the income levels and job security of workers in Ghana's textile industry?
- How will the changes in EU–Ghana import-export dynamics affect local textile production and consumption in Ghana?
- What new, circular business ventures may arise stemming from lower quality grades?
- What new administrative costs might used-textile importers face when importing used textiles in the future?

Throughout the report, there are frequent references to 'informality' and 'decent work'. To ensure clarity, we have provided definitions for these terms in the two boxes below. Similarly, this report uses the terms 'Global North' and 'Global South' to refer to the context of a global economy in which some countries function as centres of power and exist in a structural relationship with countries facing forms of political exclusion and socio-economic exploitation. The Global North typically includes wealthier, industrialised nations. The Global South refers broadly to economically developing regions. These terms highlight historically rooted and structural disparities in economic development, access to resources, and political influence on the global stage.

Box one: Informality

The informal economy: A complex and essential workforce lacking institutional recognition and protections

Guillermo Aguilar and López Guerrero describe the informal sector as the 'multiple and meaningful reality for productive units and workers who are outside of regulated economic

⁶ European Environment Agency (EEA). (2024). *The destruction of returned and unsolicited products in the EU: Assessing the impacts*. Retrieved from: [EEA website](#)

activities [tax, government] and protected labour relations'.⁷ Informality is a contested term, and different actors conceptualise and approach this heterogeneous economic sphere very differently. This space makes up more than half of the world's economic activity (according to the ILO, whose research estimates that two billion people worldwide are employed informally).⁸ Informality can be considered a function of necessity and response to ineffective institutions, as well as a feature of contemporary economic growth and the global economy.⁹

When imposed on a group of workers from the outside or when viewed as a hierarchical binary, the 'informal/formal' distinction can perpetuate inaccurate and stigmatising perceptions of economies and employment.

Throughout this report, 'informal' is used non-prescriptively as an imperfect umbrella label to describe different types of types of employment: it is used to highlight ways that some groups of workers lack structural acknowledgement, institutional support, and thus may lack fundamental labour rights, including living wages, occupational health and safety, and social security.

Box two: Decent work

Defining decent work: A guiding principle for economic policy and social equity

The ILO defines decent work as involving opportunities for work that are productive and deliver fair incomes, security and social protection for all, better prospects for personal development, and freedom to express concerns, organise, and participate in decisions affecting their lives and livelihoods.¹⁰ Four central pillars of decent work were cemented in the Decent Work Agenda during the UN General Assembly in 2015: employment creation, social protection, rights at work, and social dialogue.¹¹ Despite significant consensus on the importance of decent work, it remains a difficult concept to define and measure across varied contexts. For the purposes of this report, the term is used in its broadest sense to reflect decent work (as defined above) as a key guiding principle for economic policy agendas.

⁷ Guillermo Aguilar, A. and López Guerrero, F. (2020). Informal Sector. International Encyclopedia of Human Geography (2nd edition). doi: 10.1016/B978-0-08-102295-5.10272-0

⁸ ILO. (2018). Women and men in the informal economy: a statistical picture (third edition). International Labour Office. Retrieved from: ILO website.

⁹ Chen, M.A. (2012). The Informal Economy: Definitions, Theories and Policies. Women in Informal Employment Globalizing and Organising (WIEGO). Retrieved from: WIEGO website.

¹⁰ ILO. (n.d.) Decent Work. Retrieved from: ILO website.

¹¹ ILO. (n.d.) Decent Work. Retrieved from: ILO website.

1. The upstream impacts of EU circular economy policies in Bangladesh

Key findings from the [Circular textile trade scenarios for Bangladesh](#) suggest that Bangladesh's textile sector may initially experience a slight decrease in textile exports as Bangladesh adapts to new product requirements and brands transition to using more recycled content. This could be followed by a sharper decline and potential stabilisation as EU regulations and recycling practices evolve. Exports of ready-made garments and fast fashion items are expected to continue rising in the short term due to current consumer preferences but may gradually decrease in the medium to long term as new design and traceability requirements are implemented, with the potential for additional tariffs on non-circular textiles. Circularly designed textiles are projected to experience slow initial growth, followed by steady expansion, potentially generating significant revenue, before stabilising as sustainable business models become more established. Imports of post-consumer textile waste to Bangladesh, which are currently minimal due to import restrictions, are likely to remain unchanged unless policy revisions are made. Such changes would require substantial investments in recycling capacity. Increased recycling capacity could lead to increased internal competition for feedstock, including post-industrial textiles currently handled predominantly by informal workers and used by cottage industries providing for rural livelihood.

This chapter delves into the upstream impacts of EU circular economy policies on various stakeholders in Bangladesh, providing a detailed examination of the socioeconomic impacts, as outlined by our key findings below:

This study is too limited in its scope to determine whether new European legislation will act as non-tariff trade barriers and significantly limit Bangladesh's access to the European market. Without support for Bangladesh in meeting compliance and product adaptation requirements, new trade barriers are likely to emerge. The CSDDD requirements will likely have a higher economic impact than the ESPR, as brands have already been integrating recycled content for several years. **However, a strong push for more recycled content all at once could have unintended, potentially negative, effects on the informal Jhut (post-industrial textile waste) sector,** in which many workers depend on pre-production textile waste as a resource for their livelihoods. A sudden reduction in available waste materials could threaten the income of those who depend on collecting, processing, and reselling this resource to generate income. If

factories keep more pre-production textile waste, these workers are at risk of losing their (already limited) income.

As manufacturers adjust to the new EU legislative requirements, the associated rise in costs could lead to income stagnation and potential staff reductions, impacting both job security and working conditions for employees. Currently, the biggest changes in the sector are driven by automation rather than environmental or human-rights-related legislation, with unclear impacts on overall employment in partner trading countries, including Bangladesh. Climate change is expected to also have major effects on the workforce. Exposure to extreme heat and flooding could affect workers and suppliers dramatically. Recent research from Cornell ILR Global Labor Institute and Schrodgers estimates that the combined effects of rising heat and intense flooding will cost hundreds of billions of dollars in would-be earnings and millions of forgone jobs for the fashion industry in projections for 2030 and 2050.¹² New job opportunities are perhaps more likely to emerge in European countries—where circular activities in repair, reuse and recycling are developing—but transitioning workers with more limited opportunities for skill development is challenging in the current Bangladesh context. Women, who make up the majority of the workforce, face extra barriers to accessing training and skill development opportunities where they do exist due to gender biases and domestic responsibilities, increasing their vulnerability and access to decent work opportunities.

The CSDDD has the potential to significantly and positively impact garment workers with its focus on consultation, fault-based civil liability, and fair wages. However, its effectiveness is uncertain in contexts with limited worker representation and recent violence against wage claims. For the CSDDD to succeed, brands and the EU must introduce supportive measures providing workers with access to remediation and adequate representation and align trade agreements with CSDDD principles. Further measures to support workers could include effective information channels and platforms and network-building initiatives. Such measures should be attentive and responsive to different axes of marginalisation, including gender, youth and other context-specific social locations. There is a risk that brands may shift their sourcing to factories that can quickly meet compliance requirements, which could create challenges for smaller factories and suppliers needing more time to adapt. On a broader scale, there is also the possibility that brands could move their operations to countries with stronger regulatory frameworks for compliance. This could lead to companies exiting Bangladesh, potentially resulting in significant job losses for workers.

¹² Cornell ILR Global Labor Institute and Schrodgers. (2023). HIGHER GROUND? Report 1: Fashion's Climate Breakdown and its Effect for Workers. Retrieved from: ILRwebsite

Bangladesh in context

The textiles and garment sector is central to Bangladesh's economy, with RMG exports accounting for around 84% of Bangladesh's overall exports. As noted in the [Textile Trade Flow and Employment Baseline Analysis Bangladesh](#), the EU is the main destination market for these textiles. Bangladesh's heavy reliance on RMG exports poses a number of risks for the country should the market shift or trade policies change: diversification beyond just textiles and garments will be important to ensure the country's longer-term stability and resilience.¹³ Furthermore, the nature of competition in the textiles and fashion sector drives brands and producers to prioritise low prices. In response, factories in Bangladesh have adapted to produce goods at competitive rates to meet this demand, focusing on the high-volume, quantity-driven exports that characterise production as 'fast-fashion'.¹⁴

Social and employment rights are generally poor in Bangladesh, with frequent breaches of ILO conventions, human rights violations, low wages, child labour in informal settings, major barriers relating to the freedom or the right to organise, and poor occupational health and safety. Figures vary, but women make up as much as 90% of RMG workers in Bangladesh¹⁵ and they face additional gender-related risks—including sexual harassment, a lack of maternity leave, and childcare support^{16 17}—highlighting the way that risks are multiplied for workers that are part of marginalised groups. Bangladesh was ranked among the ten worst countries for working people in the ITUC Global Rights Index.¹⁸ It is well established that the dynamics of the current 'race-to-the-bottom' garment production model (see Box three)—in which companies 'race' to minimise costs as much as possible—mean that ultimately, garment workers absorb these additional sustainability-related costs.¹⁹ This trend was exemplified during the recent covid-19 pandemic when garment workers were most heavily burdened by disruptions to the industry through job loss and wage theft.

The sector has undergone some notable improvements in the wake of the Rana Plaza collapse, which precipitated a flurry of voluntary multi-stakeholder initiatives, including the the International Accord for Health and Safety in the Textile and Garment Industry, particularly addressing fire safety and factory building concerns. However, the fundamental structure of global fashion value chains means that cost pressures continue to be primarily absorbed by the most vulnerable workers (that is, workers from social groups already facing marginalisation across multiple dimensions beyond the workplace). The uneven distribution of power

¹³ Razzaque, M.A., Dey, B.K., Rabi, R.I. (2024). *Expanding and diversifying exports in Bangladesh: Challenges and the way Forward*. Asian Development Bank. Briefing 293. Retrieved from: [ADB website](#)

¹⁴ BTJ Desk Report. (2023, August 9th). Bangladesh gets the lowest price for their Ready Made Garments. *BTJ*. Retrieved from: [BTJ website](#)

¹⁵ Mamun, M. a. A., & Hoque, M. M. (2022). The impact of paid employment on women's empowerment: A case study of female garment workers in Bangladesh. *World Development Sustainability*. 1. doi:10.1016/j.wds.2022.100026.

¹⁶ Haque, M. F., Sarker, M. A. R., & Rahman, M. S. (2019). Sexual Harassment of Female Workers at Manufacturing Sectors in Bangladesh. *Journal of Economics and Business*, 2(3). doi: 10.31014/aior.1992.02.03.140

¹⁷ Fair Labor Associated and AWAJ Foundation (2019). *Maternity Rights and Childcare in Bangladesh: A Study of Workers in the Ready-Made Garment Sector*. Retrieved from: [AWAJ website](#).

¹⁸ International Trade Union Confederation. (n.d.) Country profile: Bangladesh. Retrieved from: [ITUC website](#)

¹⁹ Asia Floor Wage Alliance. (2021). *Money heist: Covid-19 wage theft in global garment supply chains*. Retrieved from: [Asia Floor Wage Alliance website](#)

Garment Manufacturers and Exporters Association (BGMEA) has also been simmering. These events have the potential for rippling impacts on the textile sector. Some sources, for example, have claimed that factories have been affected by 'Jhut traders, political activists and other vested quarters'²⁶ 'disrupting activities',²⁷ while wage protests have impacted garment factories' activities. With maltreated workers seeking justice for long-standing structural, systemic exclusions, expectations for the current interim government are high.²⁸

The following section will explore how EU policies may impact five key themes:

1. Competitiveness and transition costs,
2. Labour market and sectoral transition,
3. Work reallocation and skills development,
4. Informality and the circular economy, and
5. Decent work and social equity.

²⁶ Ndure, I. (2024, September 4). Wage protests, outsiders force closure of 130 Bangladesh garment factories. *Global Data*. Retrieved from: [Yahoo Finance website](#)

²⁷ Ndure, I. (2024, September 4). Wage protests, outsiders force closure of 130 Bangladesh garment factories. *Global Data*. Retrieved from: [Yahoo Finance website](#)

²⁸ Safaya, S. (2024, August 30). BGMEA addresses unrest, urges RMG factory owners to pay 'timely' wages. *Yahoo Finance*. Retrieved from: [Yahoo Finance website](#)

1. Competitiveness and transition costs

This section specifically looks at the foreseen impact on Bangladeshi garment manufacturers as they meet new expectations stemming from European legislation. These expectations relate to production criteria and standards as well as reporting obligations.

Key messages

1. Potential trade barriers for Bangladesh

Strict environmental standards and certification requirements from higher-income, higher consumption Global North countries and trade blocs (including the EU) can effectively act as non-tariff trade barriers for Global South countries. However, there is currently limited evidence to concretely determine whether European textile legislation could substantially hinder Bangladeshi manufacturers' access to the European market.

2. Transition to higher-value circular production

Ultimately, the ability of Bangladesh to transition to higher-value circular production will depend on the existing capacities, technology access and infrastructure of its companies. Transitioning requires a supportive national policy environment and clear support measures from the EU and international players simultaneously. The upcoming ESPR's recycled content requirements, which will be set by the European Union in the coming months, are set to significantly impact production processes in Bangladesh: substantial recycling infrastructure will be necessary to process pre-industrial textile waste and reintegrate it into the supply chain at the required volumes.

3. Cost of reintegrating post-industrial textile waste

Most post-industrial textile waste is currently exported, and reintegrating the material inside the value chain will have a cost. However, this is not likely to be the biggest transition cost faced by manufacturers. New traceability and reporting requirements will pose challenges, particularly for micro, small and medium-sized enterprises (MSMEs). Necessary investments could potentially lead to adverse effects on marginalised workers—who are overrepresented in lower-paid, less secure positions—worsening working conditions and undermining labour rights, particularly in smaller factories.

Strict environmental standards coming from comparatively higher-income and higher-consumption countries have the potential to significantly impede lower-income countries' access to Global North markets, impacting their competitiveness and trade capabilities.²⁹ Capacity constraints faced by lower-income countries regarding environmental standards and the required infrastructures and technologies could significantly increase their risk of exclusion from higher-income markets unless higher-income countries step up to provide

²⁹ International Institute for Educational Planning (IIEP). (2024). Environmental and social impacts embedded in EU trade policies. Retrieved from: [IIEP website](#)

adequate capacity-building and technical support.³⁰ This vulnerability was exemplified in Bangladesh's shrimp industry, which suffered a significant blow when the EU banned exports due to non-compliance with the Hazard Analysis Critical Control Point (HACCP) system—leading to an estimated loss of US\$14.65 million in export revenue. While the EU eventually provided technical assistance to help Bangladesh achieve HACCP compliance, support of this kind to meet new standards remains broadly lacking. Similarly, eco-labelling schemes are raising equity concerns for the discriminatory and substantial cost burden they impose on lower-income countries, particularly in terms of verification and certification expenses.³¹ This is particularly exacerbated by the power imbalances in the textile sector, with a few major brands buying from a large number of small manufacturers in lower-income countries without long-term commitments.³²

Despite broad industry concerns as to how sustainability measures could act as non-tariff trade barriers, as neither the ESPR nor the CSDDD has been implemented, it is not yet conclusive whether this legislation will act this way. It's plausible that some actors will consider ESPR as initiating excessive technical trade barriers— it's expected that minimum recycled content and resource use requirements under the ESPR could have this effect.³³ For example, the question of costs is still being debated: while the ESPR's Impact Assessment foresees increased production costs associated with new product requirements, it's not specified by whom these costs will be borne. Small suppliers may face heightened obstacles and risks—bearing a greater administrative burden and added costs, for example—from adopting ESPR requirements. As most Bangladeshi producers are MSMEs, a significant portion of the market is at risk. However, producers also have the potential to benefit.

It is likely that new requests for the integration of recycled content will have a significant impact on production processes in Bangladesh, although many large-volume brands have already begun integrating such requests for well over a decade. Increasing demand for secondary resources like Jhut and pre-product textile waste will lead to heightened competition for these materials, especially as post-consumer recycled content is less prevalent—Bangladesh does not import used textiles. Pre-production textile waste is highly valuable due to its low contamination risk and reliability as a feedstock stream. It is also seen as crucial for unlocking the potential of the domestic recycling sector and could play a key role in meeting recycled content requirements under the ESPR. However, post-industrial textile waste is currently predominantly exported rather than reintegrated into domestic production.³⁴ It is also primarily handled by informal workers, a complexity explored further under theme four: *Informality and the circular economy*.

³⁰ Alam, S. (2015). *Trade and the environment: perspectives from the Global South*. Cambridge University Press. Retrieved from: [Cambridge University Press website](#)

³¹ Alam, S. (2015). *Trade and the environment: perspectives from the Global South*. Cambridge University Press. Retrieved from: [website](#)

³² World Bank. (n.d.). Standards, developing countries and the global trade system. Retrieved from: [World Bank website](#)

³³ SWITCH to Circular Economy Value Chains. (2024). *International circular economy policy trends: Implications for Bangladesh's circular garment and textile policy development*. Retrieved from: [SWITCH website](#)

³⁴ Schröder, P., Khan, A.R., & Noor, A.. (2023, December 5). Circular textile value chains through a comprehensive policy approach under a UNIDO-led project in Bangladesh. *United Nations Bangladesh*. Retrieved from: [United Nations Bangladesh website](#)

Traceability requirements stemming from the CSDDD and the ESPR's Digital Product Passport could also affect manufacturers by increasing costs. Apparel manufacturers may face cost overruns due to investments in better supply chain management systems, new audits and potentially higher-priced material purchases from sustainable sources³⁵—extensive data is needed for Digital Product Passports, for example. These requirements are ambitious and crucial steps towards better transparency practices. However, additional support is needed to ensure that workers do not absorb the burdens and responsibilities as the costs of compliance exert price pressure. Investments in transparency and traceability mechanisms are fundamental steps for realising social impact goals in the textiles value chain, including those codified through the CSDDD. However, more clarity is needed on who will take on these costs and how. The ESPR takes a whole life cycle approach to product regulation, with requirements for environmental data in the form of life cycle analysis, a technical and costly process.³⁶ At present, Bangladeshi stakeholders seem most preoccupied with requirements stemming from the CSDDD, and its potential impact on business relationships with brands: the BGMEA, along with other representative trade organisations in Bangladesh, have begun preparing training sessions for their members on disclosing environmental and human rights due diligence data.

A second concern voiced by industry-representative organisations is Bangladesh's anticipated designation as a 'developing' country by the end of 2026. **Once Bangladesh is no longer considered a 'least developed country' (LDC), certain trade benefits, such as preferential market access, reduced tariffs, and other incentives that currently boost the competitiveness of Bangladesh's exports, will be lost.**^{37 38} This could make it harder for Bangladesh's exports to compete in the global market, as these benefits currently help keep costs lower and make their products more attractive to buyers.

Broadly speaking, countries' ability to comply with ESPR and boost circular design depends on existing capacities, access to technology, infrastructure and a supportive and fit-for-purpose policy environment.³⁹ Ultimately, competitive advantage and disadvantage will largely depend on firms' current manufacturing practices and specific product parameters, as well as company culture.⁴⁰ Conducting business in compliance with the CSDDD may provide a competitive advantage for some suppliers, for example, and can also encourage innovation.⁴¹ There's also potential to strengthen branding and attract new customers, although this is

³⁵ Islam, J. (2024, August 14). EU Due-Diligence Directive for Corporate Sustainability: Consequences for Bangladesh. *Bangladesh Foreign Trade Institute*. Retrieved from: [Bangladesh Foreign Trade Institute website](#)

³⁶ Nickel, L. (2024, July 5th). Ecodesign for Sustainable Products Regulation (ESPR) – 2024 Overview. *Ecochain*. Retrieved from: [Ecochain website](#)

³⁷ Rahman, M. (2023). *Graduating from the LDC Group: Challenges facing Bangladesh*. Southviews NO.244. South Centres. Retrieved from: [South Centre website](#)

³⁸ Ahmed, A. (2024). Bangladesh's LDC graduation: Challenges and opportunities. Retrieved from: [Centre for Governance Studies website](#)

³⁹ Ashraf, N., Adeniyi, D., & van Seters, J. (2024). *External implications of the circular economy transition of the Netherlands and the EU*. Retrieved from: [ECDPM website](#)

⁴⁰ Bates Kassatly, V. & Townsend, T. (2024). *European Union Ecodesign for Sustainable Products Regulation: Summary of inconsistencies and potential deficiencies in the preliminary study on new product priorities — with specific reference to textiles and footwear*. Retrieved from: [CRDC website](#)

⁴¹ Islam, J. (2024, August 14). EU Due-Diligence Directive for Corporate Sustainability: Consequences for Bangladesh. *Bangladesh Foreign Trade Institute*. Retrieved from: [Bangladesh Foreign Trade Institute website](#)

generally restricted to contexts where sustainable practices are already ingrained.⁴² Still, as noted, compliance with new legislation requires long-term investments that many factories are unable to afford due to the already narrow profit margins they face. The lack of visibility on pricing between European brands and their factories makes it difficult to verify this. What's more, risk-averse buyers may turn away from doing business in countries with low social and environmental standards rather than assessing suppliers on a case-by-case basis. Here, lacking supplier-specific data may also pose an issue.⁴³

As noted in the 'Bangladesh in context' section of this chapter, higher costs for factory owners typically result in poorer working conditions, as value chains are structured in such a way that factories absorb cost and risk rather than brands.⁴⁴ A study on the paradoxical effects of the 2019 Bangladeshi garment sector minimum wage increase, which included in-depth interviews with garment workers, revealed that the wage hike—despite adding costs for factory owners—did not translate into real benefits for workers. Instead, it led to increased work pressure, longer hours, and higher production targets.⁴⁵ Specifically, this creates a risk of wage theft and worsening occupational health and safety conditions, including longer hours, increased pressure, less enforcement of workers' rights and minimum wage laws, and outsourcing to factories that are not part of global sustainability pacts that are cheaper where regulations are not enforced.

⁴² Hanley, A., Semaru, F.O., Steglich, F., Thiele, R. (2023). *The cumulative effect of due diligence legislation on SMEs*. European Parliament. Retrieved from: [European Parliament website](#)

⁴³ Hanley, A., Semaru, F.O., Steglich, F., Thiele, R. (2023). *The cumulative effect of due diligence legislation on SMEs*. European Parliament. Retrieved from: [European Parliament website](#)

⁴⁴ Interview conducted as part of the project research (September, 2024).

⁴⁵ Kabir, H., Maple, M., Islam, M.S., Usher K. (2022). The paradoxical impacts of the minimum wage implementation on ready-made garment (RMG) workers: A qualitative study. *Indian Journal of Labour Economics*, 65(2), 545-569. doi:10.1007/s41027-022-00375-9

2. Labour market and sectoral transformation

This section looks at the impact of EU textile policies on the current labour market in Bangladesh, and more specifically the impact on job creation, job transformation and job loss. The policy assessment points to a fall in demand in the long term, which would have an overall negative impact on employment in Bangladesh.

Key messages

1. Uncertain job impacts in the Bangladeshi textile sector

The impact of EU policy on job opportunities within the textile sector is highly uncertain, especially for party trading countries like Bangladesh.

2. Potential job shifts due to circular policies

While policies such as the ESPR are expected to create new jobs in 'circular' sectors within the EU, this may come at the cost of manufacturing jobs in countries like Bangladesh due to potentially falling demand for new garments.

3. Mismatch of skills and lack of transition pathways

Potential job losses in Bangladesh are compounded by the fact that the skill sets required for new roles do not necessarily align with those of workers, and there are no clear strategies for worker transition pathways and skills development.

4. Limitations of the EU *Textile Strategy*

Furthermore, the EU *Textile Strategy's* focus on efficiency and technological innovation in promoting sustainable consumption and production may not be sufficient to drive the deep systemic changes needed to reduce demand for new products, making the long-term impacts on employment and demand still highly unpredictable.

Current EU policy impact assessments looking at job opportunities are largely inconclusive in terms of the balance between job creation and job loss. This gap is even deeper for non-member state trading countries. Similarly, impact assessments often overlook detailed considerations and mitigation strategies for how job creation and job loss may affect specific labour market segments, such as women and other marginalised groups. For example, the ESPR is anticipated to create new employment in the second-hand sector and spark a shift from manufacturing towards more jobs in repair and refurbishing.⁴⁶ However, analysis of the geographical distribution of this opportunity has not been developed in current EU texts. Neither has a breakdown of which specific activities in the garment sector would be most affected (such

⁴⁶ European Commission. (2022). *Commission staff working document impact assessment: Accompanying the document proposal for a regulation of the European Parliament and of the Council establishing a framework for setting ecodesign requirements for sustainable products and repealing Directive 2009/125/EC*. Retrieved from: [European Commission website](#)

as jobs in agriculture, jobs in production involving spinning, dying, printing cutting, *etcetera*). Repair and refurbishing jobs would likely be concentrated in the EU, given the need for these activities to be close in proximity to consumption centres. It is unlikely that the EU would import second-hand clothing or repaired goods from Bangladesh, given the broader enabling environment for circular business model development in the EU, including initiatives like the EU *Textiles Strategy*. If these sectors grow significantly, they could potentially displace manufacturing jobs in Bangladesh as demand for new garments provided by the current Bangladesh export model would drop. Transitioning to circular and sustainable textile value chains at the global level in a just manner that does not further entrench global economic inequalities remains a pressing and highly contested topic area in need of further interdisciplinary attention.

The ESPR's *Impact Assessment* rightly highlights that in parallel with circular economy job creation (in recycling and repair, raw material recycling, third-party verification and certification, digital tools and innovation for transparency⁴⁷), **other jobs could be lost** (most likely in the extraction and processing of raw materials).⁴⁸ Specific impacts could vary widely depending on the specific product regulations dictated by the ESPR, which are yet to be clarified. Once again, the extent of these opportunities and risks beyond the EU's geographical bounds remains uncertain.

The EU *Textile Strategy* could lead to the loss of jobs in garment production and manufacturing—but only if it succeeds in reducing consumer demand for new products, which currently is highly uncertain (see the [Baseline report for Bangladesh](#) for clarification of size and significance of Europe as an export market). This shift is still a long way off and is dependent on deep political, economic and cultural shifts. What's more, current production and consumption policies within the *Textiles Strategy* centre on transparency measures (such as the Digital Product Passport) and design measures (such as recycled content minimums) rather than on more systemic policies: they tend towards technological 'efficiency' measures rather than shifting deeply entrenched modes of production and consumption.⁴⁹

There is also inconclusive evidence relating to how increased costs faced by businesses may negatively impact workers, as mentioned in theme one, *Competitiveness and transition costs*. Although new environmental regulations are not trade sanctions, they may function as effective trade barriers by reducing demand for a product from within the EU, and evidence suggests that trade sanctions typically hurt workers.⁵⁰ For example, the result of foreign pressure to reduce the use of child labour in the production and export of garments in Bangladesh was that many of the laid-off children were employed in more harmful occupations, such as

⁴⁷ European Commission. (2022). *Commission staff working document impact assessment: Accompanying the document proposal for a regulation of the European Parliament and of the Council establishing a framework for setting ecodesign requirements for sustainable products and repealing Directive 2009/125/EC*. Retrieved from: [European Commission website](#)

⁴⁸ European Commission. (2022). *Commission staff working document impact assessment: Accompanying the document proposal for a regulation of the European Parliament and of the Council establishing a framework for setting ecodesign requirements for sustainable products and repealing Directive 2009/125/EC*. Retrieved from: [European Commission website](#)

⁴⁹ Bengtsson, M., Alfredsson, E., Cohen, M., Lorek, S., & Schroeder, P. (2018). Transforming systems of consumption and production for achieving the sustainable development goals: Moving beyond efficiency. *Sustainability Science*, 13(6), 1533–1547. doi:10.1007/s11625-018-0582-1

⁵⁰ World Bank. (Unpublished proofs.) Standards, developing countries and the global trade system. Retrieved from: [World Bank website](#)

prostitution or brick-breaking, and in factories that did not produce for export.⁵¹ It's also possible that if European demand for high-volume textile exports from Bangladesh drops, these exports will shift to new markets. However, given that the EU is Bangladesh's primary export market, the sector is likely to be significantly impacted.

3. Work reallocation and skills development

This section examines the impact of European legislation on employment changes in Bangladesh, the transition of workers into new roles, and the opportunities for skill development to support entry into these new jobs.

Key messages

1. Adaptation to product design changes and skill development

The ESPR's *Impact Assessment* highlights that workers in the garment and textile industry will need to adapt to new product design changes, requiring the development of new skills. It is unclear how much this will impact roles and training in Bangladesh, as most design roles are in Europe, where brands have headquarters. While new roles in quality assurance and reporting may emerge as a consequence of European legislation implementation, namely the CSDDD, they will likely be few and highly specialised.

2. Challenges in training and skill integration in Bangladesh

If new skills are required in Bangladesh, integrating them will be difficult due to the historically limited training provided in the garment sector. Women face additional barriers to training and skill development; they are overrepresented in roles considered 'low-skill' where opportunities are more limited, as well as being less able to take advantage of programmes due to gender biases and domestic responsibilities.

3. Risk of increased precarity for workers, especially women and marginalised groups

There is a risk that workers, especially women and marginalised groups, could be driven into even more precarious jobs with lower wages as a consequence of shifts inside the value chain. Currently, automation is expected to have a greater impact on skill demand than environmental regulations. More broadly, the effects of climate change, namely high exposure to extreme heat and flooding, will impact workers. The country's inadequate transition plans for automation and the effects of climate change underscore the urgent need for improved educational frameworks.

⁵¹ Alam, S. (2015). *Trade and the environment: perspectives from the Global South*. Cambridge University Press. Retrieved from: [Cambridge University Press website](#)

As expressed in the ESPR's *Impact Assessment*,⁵² workers will have to adapt to product design changes and will need to develop new skills. However, these skills are not clearly specified, and skills-development strategies to bridge gaps in the labour market are lacking. Skills profiles of workers in jobs likely to be lost do not necessarily suit those for jobs created, so strategic skills development will be essential.

Under the ESPR, suppliers and manufacturers will need to invest in additional human resources and technological capacity to fulfil traceability and reporting requirements by developing supply management systems or blockchain technologies, for example. There is also a need for cooperation between brands and producers when it comes to new product design skills; leveraging and connecting existing knowledge between different stages of the value chain will be crucial for better understanding and addressing skills gaps. Overall, Bangladesh lacks both the vocational training infrastructure and the broader national education framework needed to prepare its youth for roles in a more circular textile sector. The 'circular skills gap' will likely exacerbate existing challenges in the sector: Bangladesh's garment and textile industry doesn't require initial training for its workers, with one interviewee disclosing that less than 1% of garment workers receive comprehensive training when entering the industry.⁵³ Workers are typically expected to learn on the job, generally learning to operate machinery within one week and becoming experienced enough to transition to roles in different factories within six months.

Training is only considered essential for supervisory or quality control positions. Low levels of skills development in factories are linked to pressures to minimise costs and maximise profits for factory owners, buyers and brands. What's more, there is an overwhelming lack of social protection and reskilling plans available for garment workers. One interviewed representative for informal workers commented on the lack of alternatives for workers in the garment sector, stating that job losses will be prevalent and that workers may increasingly look for roles in the informal sector, including recycled, home-based work and agriculture.⁵⁴

Job creation will most likely be limited to EU countries: most circular design roles, for example, will typically take place in European countries where brands are headquartered. While other roles have emerged in recent years—compliance managers and sustainability managers, for example—these roles are limited in numbers, exclusive in terms of required skill sets, and don't offer many opportunities for Bangladeshi workers.

Bangladesh does have some ongoing initiatives for skills development. The *Skills for Employment Investment Programme*, for example, was designed by the Government of Bangladesh to support the apparel and textile sector. It aims to increase the skilled workforce and build future leaders for the industry, ensure sustainable development and tackle challenges such as automation by targeting 15 million workers.⁵⁵ Intertek—a leading Total Quality Assurance

⁵² European Commission. (2022). *Commission staff working document impact assessment: Accompanying the document proposal for a regulation of the European Parliament and of the Council establishing a framework for setting ecodesign requirements for sustainable products and repealing Directive 2009/125/EC*. Retrieved from: [European Commission website](#)

⁵³ Interview conducted as part of the project research (May 2024).

⁵⁴ Interview conducted as part of the project research (June 2024).

⁵⁵ Kasem, M.I. et al. (2021). *Skill development of the youth in RMG: An analysis of the existing training system*. Retrieved from: [Government of Bangladesh website](#)

provider to industries worldwide—and the BGMEA recently launched the fifth collection of training courses under the *Skills for Employment Investment Programme* (SEIP) set up by the Government of Bangladesh. However, despite progress in this arena, there are still concerns as to whether the scale and scope of these programmes are sufficient to promote decent work in a transition to a circular textiles industry. While they are a step in the right direction, they are likely not at the level required to meet the demands of ongoing transformations in ways that will ensure Bangladesh is not adversely affected by EU policy. This is not solely linked to environmental regulations but also relates more broadly to the impacts of automation. More synergistic and cooperative engagement between policymakers (both in Bangladesh and the EU) and skills-training stakeholders could help with alignment.

Skills development opportunities are often heavily gender biased. Reflecting broader structural issues concerning the sexual division of labour, one interviewee remarked that it is more difficult for women garment workers to benefit from existing capacity development programmes due to the additional gendered labour they perform in domestic settings alongside wage labour. As a result, men may be able to access employment opportunities across different sectors, while women often have more limited access to a variety of employment opportunities and commonly burn out after a decade or so working in garment factories. Women garment workers are also at a higher risk of missing out on reskilling and upskilling opportunities due to entrenched biases: they are often not trusted to operate expensive machinery out of fear that it will be misused. These perceptions may also be deeply internalised by female garment workers themselves,⁵⁶ who frequently view themselves as less competent than their male counterparts and feel unprepared to adapt to an increasingly automated industry. As a result, women are disproportionately disadvantaged when it comes to accessing the already limited opportunities for advancement in the textile and garment sectors.

In the wake of new EU legislation, the lack of circular opportunities in Bangladesh may also push women workers into the plastics and leather sectors, which offer even lower wages than the garment industry.⁵⁷ Alternatively, according to one informal worker representative body in Bangladesh, they might be compelled to take on more home-based work or leave urban areas to seek employment in agriculture.⁵⁸

⁵⁶ FSG. (2022). *Future of work for female garment workers in Bangladesh*. Retrieved from: [FSG website](#)

⁵⁷ Interview conducted as part of the project research (May, 2024).

⁵⁸ Interview conducted as part of the project research (May, 2024).

4. Informality and the circular economy

This section explores how new European legislation in the sector could impact informal workers, especially those that are already engaging with valuable circular practices without them being recorded or framed as such.

Key messages

1. Hazardous conditions and lack of protections for informal workers

Informal workers in Bangladesh's garment and textile sectors, particularly those involved in Jhut processing—the recycling and downcycling of textile waste—currently face significant disadvantages and hazardous working conditions due to a lack of legal protections, inadequate infrastructure, and exposure to harmful chemicals. As highlighted at the outset, 'informal workers' does not designate a homogenous group here, but rather describes how some groups of workers are structurally marginalised and lack both social and legal protections.

2. Exclusion of informal workers from legal protections

The Bangladesh Labour Act (2006) does not recognise informal workers, whether they are involved in textile waste management or any other economic activities, and they are not currently entitled to the labour rights enshrined in the existing labour law.⁵⁹

3. Heightened vulnerability to industry shifts

Despite some efforts to unionise and represent these workers, outcomes have been largely unsuccessful. As protection and transition plans are not available already for formal garment workers, informal workers, which represent a majority of workers overall, are extremely vulnerable to change and will likely be first hit by the impact of increased costs faced by manufacturers.

4. Risks from growing demand for secondary materials

As demand for secondary materials grows, there is a risk of resource appropriation and adverse integration that could threaten the livelihoods of informal workers, who currently handle this material predominantly.

5. Call for brands to strengthen worker protections

To ensure a fair future, brands need to strengthen their standards when collaborating with factories to guarantee worker protection.

⁵⁹ German Cooperation Deutsche Zusammenarbeit, GIZ, & H&M Group. (2024). *Study for a regulatory framework to enable recycling of post-industrial waste (Jhut) for the RMG industry in Bangladesh*. Dhaka: German Federal Ministry for Economic Cooperation and Development. Retrieved from: [Asia Garment Hub website](#).

2022 data from the Bangladesh Labour Force survey shows that close to 60 million people (84.9%) of Bangladesh's population are in the informal sector.⁶⁰ The rate of informality is higher among women and youth: 96.6% of employed women and 92.7% of employed people between 15 and 27 are employed informally.⁶¹ Rates of informal work in the textile industry worldwide are high, with features like subcontracting and home-work being used as further cost-cutting strategies.⁶² Ultimately, it is difficult to accurately measure informality due to a range of challenges, including the inherent structural marginalisation and invisibility of this economic sphere, as well as definitional disagreement.

Informal sector workers often face major disadvantages compared to their formal sector counterparts. Unlike the formal sector, which benefits from—albeit limited—legally mandated wages, inspections, and labour laws, the informal sector lacks such protections. This is paired with extremely poor working conditions and low job security for workers (although these issues are caused by a multiplicity of intersecting factors rather than 'informality' itself).

Some informal workers in Bangladesh are organised: the Labour at Informal Economy group, for example, represents the interests of informal workers and has over 6,000 members. However, visibility, organisation and workers' voices remain vast challenges for informal workers in the Bangladeshi textile sector. The CSDDD could potentially be transformative here, depending on how effectively it is implemented. As the connections between informal production units and brands operating in the EU may be difficult to trace, harnessing the potential of the CSDDD to support informal workers would require the development of effective cooperative relationships between actors such as NGOs, unions and labour rights organisations.

Informality is a particularly prevalent feature of (mostly) local economies that involve the reuse and downcycling of post-industrial waste and the trading of pre-consumer textiles.

A significant group of informal workers in the Bangladeshi textile economy are involved in these local recycling networks or the Jhut sector. Although these workers and their issues are even less visible than garment workers, an interviewee highlighted that they commonly suffer from extremely poor working conditions without secure payment. In addition, illnesses caused by occupational exposure to dust and unhygienic conditions are common, for example (see more in Box four on page xx).⁶³ There has also been little success in terms of unionising and representing Jhut workers, according to two interviewed organisations;⁶⁴ these organisations also expressed concern for what will happen to these workers if they lose their jobs.

⁶⁰ Dallakoti, G. (2024, June 27). Formalization key to shared prosperity with workers in Bangladesh's informal sector. International Labour Organisation (ILO). Retrieved from: ILO website.

⁶¹ Dallakoti, G. (2024, June 27). Formalization key to shared prosperity with workers in Bangladesh's informal sector. International Labour Organisation (ILO). Retrieved from: ILO website.

⁶² WIEGO. (n.d.). Garment Workers. Retrieved from: WIEGO website.

⁶³ Interview conducted as part of the project research (May, 2024).

⁶⁴ Interview conducted as part of the project research (May, 2024).

Box four: Working conditions in the Jhut sector

Hazardous conditions in Jhut recycling: Urgent call for improved worker safety and health protections

A recent study by GIZ⁶⁵ has highlighted the hazardous working conditions faced by workers in the Jhut recycling sector. They are routinely exposed to dangerous work environments, lack adequate protective gear, and come into contact with harmful chemicals. These conditions lead to a range of health problems, emphasising the urgent need for improved occupational health and safety measures. Workers in Jhut processing facilities face several critical risks due to inadequate infrastructure and safety measures. Many of these facilities operate out of fragile, makeshift structures or abandoned houses, which lack proper safety arrangements. One major risk is the frequent occurrence of fires caused by faulty warehouse construction and the absence of essential fire safety measures. The improper handling of materials—such as burning clothes without fire prevention systems or emergency response plans—exacerbates this risk. In addition to fire hazards, inadequate ventilation in these facilities leads to increased heat and the accumulation of pollutants, contributing to respiratory illnesses, heat stress, and general discomfort. The exposure to dust generated during the recycling process also poses serious health risks, including respiratory problems, hearing loss, and musculoskeletal disorders. Workers handling Jhut are often exposed to hazardous chemicals, such as those used in dyeing and printing processes. These chemicals can cause chronic skin conditions and even cancer if not properly managed. The practice of burn-testing Jhut to determine fibre content also releases harmful fumes, further endangering workers' respiratory health. Many workers are not equipped with necessary personal protective equipment (PPE) such as masks and gloves, leaving them vulnerable to injuries and health issues. Additionally, the overall poor labour conditions, including the prevalence of child labour and specific challenges faced by female workers, highlight significant violations of labour rights within the sector.

Now that brands are becoming more interested in using recycled materials—thus redirecting post-industrial textile waste from current destinations—more attention is being directed at Jhut workers and the materials they process. While this could be positive and result in greater visibility, improved working conditions and better-safeguarded rights, increased market interest could also herald significant risks, including resource appropriation, dispossession, and adverse integration. It is furthermore significant that this increased attention is primarily due to the brand's ambitions to integrate more recycled content into production processes, aiming to redirect post-industrial waste from current markets to recycling feedstock for new products. Ownership of this material is a key question to address in the context of a just transition to a more circular industry. The formal market may seize materials relied upon by

⁶⁵ German Cooperation Deutsche Zusammenarbeit, GIZ, & H&M Group. (2024). *Study for a regulatory framework to enable recycling of post-industrial waste (Jhut) for the RMG industry in Bangladesh*. Dhaka: German Federal Ministry for Economic Cooperation and Development. Retrieved from: [Asia Garment Hub website](#)

informal workers for income without providing employment for these workers.⁶⁶ If carried out in a non-inclusive manner, the formalisation and privatisation of the informal recycling sector will threaten informal workers' livelihoods.⁶⁷ Circularity-driven interest in secondary materials will have potentially adverse impacts on so-called cottage industries that have long been utilising pre-consumer waste for their businesses. Brands beginning to claim ownership of production waste will inevitably affect relied-upon handicrafts and various downcycling practices.⁶⁸ On the other hand, informal Jhut workers may be integrated into formal supply chains. Under certain terms, this could improve visibility and rights. However, there are also risks that this integration occurs on unequal terms that reinforce existing vulnerabilities.⁶⁹ Overall, it will be essential to include informal sector workers in planning for and discussions on the transformation of the garment and textile sector, ensuring that the transition to a more circular, ethical and traceable sector does not leave these workers behind.

5. Decent work and social equity

This section examines the impact of European legislation on various aspects of work quality within the Bangladesh garment sector, including health and safety, human rights, living wages, and worker representation. There is a strong focus on the CSDDD.

Key messages

1. Expected positive impacts on work quality and safety

The EU's ESPR *Impact Assessment* anticipates positive social and environmental impacts in trade partner countries, including improved work quality and safety, through enhanced due diligence, especially under the CSDDD.

2. The CSDDD has limited reach due to narrowed scope

The CSDDD is a novel legislative instrument that aims to make trade conditional on improved working conditions and human rights protections across global value chains. However, concerns remain as to increased compliance costs and the directive's diluted scope due to political resistance, limiting its application to only the largest companies. This narrowed scope, which includes only a small fraction of EU businesses, may undermine its potential impact on the broader industry, especially in contexts like Bangladesh, where the complexity of supply chains and ubiquity of price-squeezing and outsourcing pose significant challenges to accountability.

⁶⁶ Interview conducted as part of the project research (May, 2024).

⁶⁷ Zisopoulos, F. K., Steuer, B., Abussafy, R., Toboso-Chavero, S., Liu, Z., Tong, X., & Schraven, D. (2023). Informal recyclers as stakeholders in a circular economy. *Journal of Cleaner Production*, 415, 137894. doi:10.1016/j.jclepro.2023.137894

⁶⁸ Rana, M.B. & Faruqui, F.H. (2024). Pre-consumer textile waste recycling with no GHG emission. Retrieved from: [Create Project website](#)

⁶⁹ Zisopoulos, F. K., Steuer, B., Abussafy, R., Toboso-Chavero, S., Liu, Z., Tong, X., & Schraven, D. (2023). Informal recyclers as stakeholders in a circular economy. *Journal of Cleaner Production*, 415, 137894. doi:10.1016/j.jclepro.2023.137894

3. Challenges in meaningful stakeholder consultation and civil liability

The directive's requirement for 'meaningful consultation' with stakeholders is promising but may be difficult to implement effectively in environments where workers' voices are restricted. Moreover, the directive's fault-based civil liability model—while promising in its provision of a direct legal mechanism available to workers—also imposes a high burden of proof, potentially limiting worker access to justice.

4. Need for supportive measures and alignment with trade needs

For the CSDDD to achieve its intended impact, it must be supported by measures that assist trade partner countries, align trade agreements with its principles, and ensure that EU companies uphold human rights obligations throughout their supply chains.

5. Risk of compliance-driven sourcing shifts

Without robust economic and legislative support, brands may be tempted to shift their sourcing to factories that can quickly meet compliance requirements, which could create challenges for smaller factories and suppliers needing more time to adapt. The directive could also risk becoming a disguised trade restriction, prompting companies to exit Bangladesh and go towards countries with better compliance frameworks in place if challenges in controlling supply chain issues persist.

While the EU's ESPR *Impact Assessment* anticipates positive social and environmental impacts in partner trading countries through improved due diligence. However, the final text limits social aspects to a commitment to consider their integration in a legislative proposal only four years after the ESPR takes effect.⁷⁰ It highlights potential improvements to the quality of work, health and safety, particularly if social progress measures are well-enforced and synergistic with other measures. However, a potential contradiction emerges here regarding the likelihood of higher costs involved in ESPR-compliant production being absorbed through measures that negatively impact workers. Furthermore, there is currently very little detail or clarity on how these improvements can be ensured within the current scope of the EU circular textile policy suite, and the relationship between policy mechanisms and their intended social benefits has not been adequately substantiated.

The CSDDD has the greatest potential to drive meaningful improvements in working conditions in production countries, including Bangladesh, although the most recent iteration has been substantially weakened. This directive aims to make trade conditional on improved working conditions, ensuring that companies meet obligations regarding actual and

⁷⁰ European Commission. (2022). *Commission staff working document impact assessment: Accompanying the document proposal for a regulation of the European Parliament and of the Council establishing a framework for setting ecodesign requirements for sustainable products and repealing Directive 2009/125/EC*. Retrieved from: [European Commission website](#)

potential adverse human rights impacts across their entire global value chain.⁷¹ It goes beyond doing no harm, and duties are clearly set out—and it also adopts a promising risk-based approach.⁷² Risk-based approaches (as opposed to check-box or one-size-fits-all approaches) are considered effective in human rights due diligence as they explicitly seek to identify, measure and prevent both actual and potential violations. However, there are still two concerns in terms of the likelihood of realising these social impacts.

First, while the directive increases due diligence requirements, it is not clear how producers—many of whom are already under pressure—will be supported in meeting these. Second, and most concerning, the CSDDD has been significantly weakened due to pressure from Member States since its first iteration. The final rules, which were finalised in March 2024 following strong pushback from several Member States, resulted in a ‘patchwork compromise’.

This version limits the directive’s scope to very large companies with more than 1,000 employees and a net annual turnover of €450 million.⁷³ Consequently, only around 0.05% of EU companies and business activities—around 5,500 companies—will be bound by the policy, including only around 100 pure textile companies (exclusively producing textile and textile-related products). It’s unrealistic to expect that such a small number will influence the industry as a whole.⁷⁴

As it stands, the directive is far from meeting the expectations of civil society, NGOs and many business actors in terms of holding companies and financial actors responsible for their harm.⁷⁵ The CSDDD was the most lobbied law by civil society organisations and trade unions, highlighting the extent of its possible impact and the hope that it would provide effective channels for addressing long-standing social and environmental issues in global value chains. Given this context, NGOs are expected to closely scrutinise brand behaviour and compliance with the directive.

The effects of the CSDDD in Bangladesh are unclear. The final version of the CSDDD adopts a fault-based civil liability model but requires a fairly onerous burden of proof for claimants,⁷⁶ making it difficult for Bangladeshi workers and unions to meet these requirements and make effective claims against EU companies. Proving *locus standi* in EU courts, as well as access to legal representation, for example, will hinder the ability to redress grievances without explicit and effective responsibility designation in additional texts.

Additionally, while access to remedies and other support for workers is improved through good representation and unionisation, worker representation in Bangladesh remains a key issue. A

⁷¹ European Environmental Bureau. (2024). [Circular textiles policy review Considerations for EU trading partner countries](#).

⁷² Interview conducted as part of the project research (September 2024).

⁷³ Bueno, N., Bernaz, N., Holly, G., & Martin-Ortega, O. (2024). The EU Directive on Corporate Sustainability Due Diligence (CSDDD): The final political compromise. *Business Human Rights Journal*, 1–7. doi:10.1017/bhj.2024.10

⁷⁴ Interview conducted as part of the project research (September 2024).

⁷⁵ Rahman, S. & Uddin, J. (2023, December 2). Will Bangladeshi garment exporters be able to meet EU’s upcoming standards? *TBS News*. Retrieved from: [TBS News website](#)

⁷⁶ Bueno, N., Bernaz, N., Holly, G., & Martin-Ortega, O. (2024). The EU Directive on Corporate Sustainability Due Diligence (CSDDD): The final political compromise. *Business Human Rights Journal*, 1–7. doi:10.1017/bhj.2024.10

report by the Business and Human Rights Resource Centre⁷⁷ underlines how brands and their suppliers rely on alternative and ineffective representation structures as opposed to union engagement. Freedom of association and collective bargaining efforts are consistently undermined and often met with punitive action, depleting trade unions' ability to build membership and represent workers. Moreover, union activity is often dominated by men, resulting in the further marginalisation of issues affecting women in the workplace, and rarely includes informal workers. Building coalitions with unions and worker solidarity networks will be important for the CSDDD to fulfil its ambitions.

The CSDDD requires companies to carry out due diligence covering the operations of their subsidiaries. However, the directive does not mandate that companies assess or take responsibility for the practices of businesses or suppliers with whom they do not have a direct relationship.⁷⁸ This is a significant limitation, particularly in industries like textiles, where outsourcing, both official and unofficial, is common. The lack of accountability for indirect suppliers may encourage companies to structure their supply chains with multiple layers, making it difficult to trace labour practices, especially in countries like Bangladesh, where factories frequently subcontract work.⁷⁹ This is a particular concern for unofficial subcontracting, where contracting happens in a non-transparent manner. According to an interview with a human rights due diligence expert, best practices should involve avoiding subcontracting unless companies physically verify contracts. In addition, monitoring home-based workers—who do not constitute a significant portion of the workforce—to ensure they receive a fair wage through home visits is important.

A promising aspect of the CSDDD is the provision that a brand or company cannot cause its business partners to violate human rights.⁸⁰ If price-setting practices knowingly make it impossible for suppliers to pay a living wage, this can be interpreted as joint responsibility for human rights abuses. This provision holds significant potential for improving working conditions. What's more, the CSDDD includes an obligation to conduct 'meaningful consultation' with stakeholders, aiming to move beyond a 'checkbox' approach to due diligence.⁸¹ However, in contexts like Bangladesh, where workers' voices are heavily restricted and often penalised, achieving meaningful inclusion of worker representation presents significant challenges.

The issue of living wages is another area where the CSDDD shows potential. A Bangladeshi labour rights expert identified this as one of the most promising elements of the directive. However, efforts to advocate for higher wages have been met with punitive responses, such as criminal cases filed against protesting workers. Protests in October and November 2023 resulted

⁷⁷ Business and Human Rights Resource Centre. (2024). *Just for show: worker representation in Asia's garment sector and the role of fashion brands and employers*. Retrieved from: [Media Business Human Rights website](#)

⁷⁸ Ngangjoh-Hodu, Y., Gazzini, T., Kent, A., Siikavirta, K., Morris, P. (2023). *The proposed EU Corporate Sustainability Due Diligence Directive and its Impact on LDCs: A legal analysis*. Ministry for Foreign Affairs Finland. Retrieved from: [Finnish Government website](#)

⁷⁹ Ngangjoh-Hodu, Y., Gazzini, T., Kent, A., Siikavirta, K., Morris, P. (2023). *The proposed EU Corporate Sustainability Due Diligence Directive and its Impact on LDCs: A legal analysis*. Ministry for Foreign Affairs Finland. Retrieved from: [Finnish Government website](#)

⁸⁰ Interview conducted as part of the project research (September 2024).

⁸¹ Bueno, N., Bernaz, N., Holly, G., & Martin-Ortega, O. (2024). The EU Directive on Corporate Sustainability Due Diligence (CSDDD): The final political compromise. *Business Human Rights Journal*, 1–7. doi:10.1017/bhj.2024.10

in several deaths, and factory owners subsequently filed at least 35 criminal cases against workers, accusing approximately 161 named individuals and between 35,000 and 45,000 unnamed workers.⁸² Although the minimum wage was increased in November 2023 from ₳8,000 to ₳12,500, it still falls far below the living wage estimates for Dhaka, which range from ₳23,000⁸³ to ₳51,000.⁸⁴

There is also some scope for impact on occupational health and safety. The final CSDDD text states that further delegated acts should amend the Annex to the existing directive by adding references to articles of international instruments ratified by all Member States (Article 3) and that this should include the ILO Occupational Safety and Health Convention, 1981 (No 155) and the ILO Promotional Framework for Occupational Safety and Health, 2006 (No 187).⁸⁵

More generally, the CSDDD does highlight that companies should take account of specific contexts of marginalisation and intersecting factors (including gender, age, race, ethnicity, class, caste, education, migration status, disability and social and economic status) as part of a gender and culturally responsive approach to due diligence. However, this language and concern is not reflected in any of the directive's articles, resulting in limited provision and weight in the text's concern for social equity.

There is concern that the CSDDD could become a disguised restriction on international trade. Multinational companies might consider exiting countries with weak compliance regulatory frameworks in place if they find it difficult to oversee and control issues in their supply chains, with abrupt exit having catastrophic impacts on workers and businesses.⁸⁶ Companies may also find other ways to avoid traceability and resort more to home-based workers, although this is rather the practice of tier two and three factories further down the line that are not within the scope of the directive. Overall, for the CSDDD to realise its potential, it is crucial that its implementation includes support measures for trade partners like Bangladesh, such as establishing effective communication channels through EU help desks.⁸⁷ What's more, the parallel Corporate Sustainability Reporting Initiative (CSRI) has limited potential to improve working conditions without stronger economic and legislative policies. Effective implementation of both the CSDDD and CSRI requires aligning trade agreements with the principles outlined in these policies, as current trade agreements tend to have weak enforcement of sustainability clauses. Aligning these agreements with the CSDDD and CSRI will be critical to ensuring real improvements in working conditions.⁸⁸

⁸² Amnesty International. (2024, May 1). Bangladesh: Garment workers must receive rights-based compensation and justice immediately. *Amnesty International*. Retrieved from: [Amnesty International website](#)

⁸³ Clean Clothes Campaign. (2023) *Background paper: The Bangladesh minimum wage struggle for 23,000 Tk: Facts, figures & explanations*. Retrieved from: [Clean Clothes Campaign website](#)

⁸⁴ Banerjee, S. (2023, December 6) Achieving a living wage for garment workers needs price-squeezing to stop. *Institute for Human Rights and Business (IHRB)*. Retrieved from: [IHRB website](#)

⁸⁵ Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859. Retrieved from: EUR-Lex.

⁸⁶ Ngangjoh-Hodu, Y., Gazzini, T., Kent, A, Siikavirta, K., Morris, P. (2023). *The proposed EU Corporate Sustainability Due Diligence Directive and its Impact on LDCs: A legal analysis*. Ministry for Foreign Affairs Finland. Retrieved from: [Finnish Government website](#)

⁸⁷ Interview conducted as part of the project research (September 2024).

⁸⁸ Interview conducted as part of the project research (September 2024).

2. The downstream impacts of EU circular economy policies in Ghana

Key findings from the [Circular textile trade scenarios for Ghana](#) suggest that the export of low-quality textiles could sharply increase in the short to medium term in the wake of requirements for separate textiles collection across the EU, set to come into force in January 2025 under the Waste Framework Directive. The research assumes that this measure will increase the volume of low-quality textiles—which currently are thrown into mixed waste—being separately collected.⁸⁹ Without building capacity and increasing potential for reuse and recycling, there is a high likelihood that these low-quality textiles will be exported to high-importing countries, including Ghana, rather than being landfilled or stockpiled within the EU.

This chapter explores how these assumptions could translate into hypothetical impacts for businesses and workers in Ghana. While the following sections explore these socioeconomic impacts in more detail, our key findings are the following:

While exports of post-consumer textiles from the EU to Ghana are expected to rise significantly in the short to medium term, the global second-hand clothing market remains volatile and faces major challenges. These challenges are already shifting export dynamics and could lead to a potential decrease in overall exports to Ghana in the longer term. Exports of post-consumer textiles to Ghana were already dropping by 27% between 2021 and 2022, posing an increasing risk for international businesses and local traders reliant on it. However, the ban on the destruction of unsold goods under the ESPR could also spike the overall volumes of used textile exports to Ghana (as unsold textiles will be exported under the code HS6309 (worn or used textiles)).

Revisions to the Waste Shipment Regulation may expand the definition of textile waste, requiring Ghana to demonstrate its capacity to manage these imports responsibly to obtain the necessary informed consent. This issue of textile waste definitions is a highly contested ongoing debate in the space. Ultimately, it is not expected that the current policy package will alleviate the burdens of processing and disposing of textiles faced by municipalities in high-volume importing countries in the short term. Moreover, it is noteworthy that many textiles originally discarded in the EU flow through several other countries before eventually

⁸⁹ European Environment Agency (EEA). (2024). *Management of used and waste textiles in Europe's circular economy*. Retrieved from: [EEA website](#).

arriving in Ghana; this tendency in a highly dynamic and complex global reverse value chain is likely to remain in place.

It has become apparent that activities further up the textile value chain in Ghana could also be affected by EU circular textile policy. Ghana's local textile production industry (see Box five) is experiencing growth. However, the industry faces significant challenges, including high energy costs, infrastructure gaps, and competition from inexpensive imported goods. Additionally, under current trade regulations, **upcycled products—which present a genuine alternative to fast fashion—do not qualify as Ghanaian-made and thus lack access to the EU's preferential market treatment** for locally produced goods. This limits the global recognition of upcycling as a valuable economic activity and undermines the Textile Strategy's broader goal of a global circular sector. What's more, upcycled goods are uniformly classified under HS 63.09 even when their quality matches that of new products. Exports under this classification are often blocked, further hindering Ghana's circular textile production potential.

The second-hand textile sector employs a large number of people, with at least 30,000 working at the Kantamanto market alone, although estimates of the total number of workers vary significantly. Most of this work is informal, and the workforce is predominantly female, facing issues including poor working conditions, a lack of social support (including opportunities for skill development and sectoral transfer), and economic security. **There is a big risk that the most vulnerable workers in the secondhand sector—including informal market traders, street vendors, *kayayei* (head porters), and waste pickers—will be hit hardest by possible changes to textile imports quality and volume initiated by the EU textile policy package,** which currently has little to no mitigation plans.

At the same time, the local economy that has developed around used textile imports involves valuable circular skills that prolong the life of clothing and create new value. These skills can be recognised as an important source of knowledge that can inform and enhance EU circular textile initiatives, building a synergistic trade relationship around Ghana's competitive advantage in terms of circular textile skills. However, while these activities are often circular, they should not be romanticised. **It is crucial to prioritise decent working conditions in this sector.** Enhanced support for workers in the used textile sector will be essential to ensure fair and equitable outcomes. Understanding the specific role that the EU can play in this collective goal remains critical, given the scope for action within EU-Ghana trade relations and the stated aims of the *Textiles Strategy*.

While some policies in the existing European policy framework—notably the Waste Framework Directive and Waste Shipment Regulation—directly aim to reduce downstream harms, the CSDDD explicitly neglects downstream harms, including those associated with the secondhand clothing trade, textile disposal, and recycling. This oversight is a significant issue that needs to be rectified via future measures, as current working conditions in the sector remain poor and are unlikely to improve without targeted action.

Ghana in context

Ghana is a significant importer of used clothing: in 2022, it imported US\$164 million worth of used clothing, becoming the ninth largest importer globally.⁹⁰ In comparison, the country exports minimal volumes of used textiles—approximately US\$585,000 in 2022.⁹¹ Most of what is imported is recirculated—upcycled, reused, repurposed, eventually disposed of—in the country. In recent years, Ghana, and more specifically Accra's Kantamanto Market, have received increasing attention as the 'end of the line' for the fashion industry, making visible the excesses and eventual realities of the Global North's hyper-consumption.^{92 93}

While the used clothing trade generates extensive economic activity in and beyond Kantamanto, the excessive volumes and growing proportions of lower-quality textiles imported into Ghana also have deeply concerning socio-ecological consequences. The decreasing quality of post-consumer textiles reflects a wider context of overall low quality in the global second-hand market; exports to Ghana are decreasing in quality, not simply due to a lack of sorting and regulation, but significantly because there are limited higher-quality post-consumer textiles coming out of sorting processes.

The majority of post-consumer textiles that leave Kantamanto as waste, from a technical standpoint, could often be re-worn or repurposed. Although technically re-wearable as subjective consumer goods, many of these products are unsellable as secondhand clothes (for a complex and fluid range of socio-economic and cultural reasons). Waste management practices for this economically un-viable fraction of post-consumer textiles are varied and include burning around the market, as well as dumping in sanctioned landfills and unsanctioned dumpsites (which include the Odaw river, the beach, gutters (blocking drains), and the Old Fadama settlement).⁹⁴ This waste can contribute to ecosystem degradation, disrupt infrastructure and contribute to a wide range of health impacts.

At the same time, the contribution of textile imports to Ghanaian livelihoods cannot be understated. What's more, the scale and variety of circular practices already taking place in Ghana as a result of this market is an under-acknowledged source of circular expertise that may enable the further expansion of the imaginary of EU circular textile policies beyond technology-focused solutions. These contexts may imply contradictory outcomes to EU policymakers. All of these realities should be taken into account: the existence of circular practices and the fact that second-hand clothing sustains livelihoods in Ghana should not preclude the possibility of addressing the inherently unequal power dynamics that characterise this trade, which are rooted in long histories of asymmetric global power dynamics and uneven development. The acknowledgement of these varied contexts does not necessitate the cessation

⁹⁰ Observatory of Economic Complexity (OEC). (n.d.). Used clothing in Ghana. Retrieved from: [OEC website](#)

⁹¹ Observatory of Economic Complexity (OEC). (n.d.). Used clothing in Ghana. Retrieved from: [OEC website](#)

⁹² Ricketts, L. (2021, January 30). Dead white man's clothes. *Fashion Revolution*. Retrieved from: [Fashion Revolution website](#)

⁹³ Ricketts, L. (2021, January 30). This is not your goldmine, this is our mess. *Atmos*. Retrieved from: [Atmos website](#)

⁹⁴ The Or Foundation. (2022). *Waste makes visible our separation from nature: A waste landscape report*. Retrieved from: [Or Foundation website](#)

of trading relations but rather highlights the need for the EU to build more equitable and synergistic trade partnerships, providing future opportunities to Ghanaian citizens while contributing to better working conditions and improved livelihoods.

Building on Chatham House's predicted trade scenarios outlined in [Circular textile trade scenarios between the EU and Ghana](#), this section explores the potential downstream impacts of current EU textile policies in the context of Ghana, where the textile trade is both a vital source of livelihoods and a driver of significant environmental and social harm, amid growing international attention towards Kantamanto Market's textile trade. The chapter will now explore the potential impacts of EU policies on five key themes:

1. Competitiveness and transition costs
2. Labour market and sectoral transition
3. Work reallocation and skills development
4. Informality and the circular economy
5. Decent work and social equity.

1. Competitiveness and transition costs

This section primarily examines the impact on businesses and the economic viability of the second-hand textile trade in light of the potential effects of European legislation. It also explores alternative business development opportunities within the textile sector. Through a primary focus on two critical and interrelated economic themes—competitiveness and transition costs—this section anticipates the effects of shifting market conditions.

Key messages

1. Market and quality challenges

The second-hand clothing market in Ghana already faces significant challenges and pressures that are unlikely to be mitigated by new European legislation, which heralds short-term growth in all quality grades of used textile imports, as well as unsold goods. Supply of used textiles far exceeds demand, reflecting the much broader systemic issue regarding overproduction in race-to-the-bottom supply chains, keeping prices artificially low, and a lack of viable pathways for the parallel glut of post-consumer textiles. The declining quality of the post-consumer textiles imported into Ghana at the 'end' of this chain means this trade makes less and less economic sense. The majority of imports are already designated re-wearable by professional sorters; the quality issue starts at the production end of the textiles value chain. This complex interplay of factors results in

economic risks for businesses reliant on imports and for local traders whose livelihoods depend on this trade.

2. Waste management strain

The proportion of low-quality clothing has been increasing as an overall proportion of imports in parallel with the escalation of the fast-fashion paradigm, exacerbating these challenges and placing severe strain on the country's waste management systems, increasing adverse and interrelated environmental and social impacts. Local authorities, such as the Accra Metropolitan Assembly, are struggling with the financial burden of managing this waste, often with insufficient resources, leading to inadequate disposal, environmental pollution, and adverse health impacts as textile materials intersect with a broader waste crisis.

3. Future import trends

Over the short term, used textile flows are likely to continue, with a possible increase in volumes and a decrease in quality. Over the medium to long term, export volumes from the EU could reduce in volume and improve in quality (subject to End-of-Waste criteria stringency which will be finalised in 2026). It is however possible that this flow will be displaced by used textiles from other exporting markets, possibly of even lower quality.

4. Limited producer support

There are no existing plans for high-volume used textiles exporting countries or producers to support the Ghanaian Government in managing textiles at their end-of-life (textiles will eventually be disposed of in Ghana, even if this is following a 'second-life' through reuse).

5. Local textile industry growth

The local textile industry in Ghana is experiencing a revival driven by changing consumer preferences and local entrepreneurial efforts. The national government has outlined ambitions to leverage Ghana's particular competitive advantages—including port access, domestic cotton production and proximity to other cotton-producing regions—to strategically grow the textiles sector in the coming years.⁹⁵ It is unclear if or how this growth would impact the employment and revenue generated by the secondhand textiles sector. Local production and circular patterns within the Ghanaian secondhand market should not be approached as competing spheres; rather, the *Ghanaian Circular Economy Action Plan* (sponsored by the EU Ministry for Environment, Science, Technology and Innovation in Ghana) aims to grow local production through developing synergies with the existing circular secondhand trade. In addition, upcycled products made from imported textiles—also a growing economic opportunity—aren't considered Ghanaian-made, which prevents them from receiving preferential EU market access.

⁹⁵ Appiadu, D., Senayah, W.K. & Biney-Aidoo, V. (2022). Ghana's textile and apparel value chain: Analysis of enabling business environment. *African Journal of Applied Research*, 8(2), 101–121. doi:10.26437/ajar.31.10.2022.07

6. Challenges for upcycled products

Some upcycled products are considered new in the ESPR directive and will be subject to due diligence and labelling laws. This could create a substantial and often unrealistic burden pertaining to traceability requirements such as the provenance of materials, durability, toxicity levels and more that will paradoxically hinder upcycling and remanufacturing activity and export potential in Ghana (and elsewhere outside of the EU). On the other hand, if not designated 'new', upcycled products will have to be exported under HS6309 (worn textiles); it will be difficult, if not impossible, for these products to enter the EU market due to high tariff rates and additional waste regulations. This remains a key regulatory gap and grey area, particularly regarding the lack of a standard to designate 'renewed', 'repaired', 'remanufactured' and 'upcycled' textile products.

7. Impact of the African Continental Free Trade Area (AfCFTA)

Ghana's recent membership to the AfCFTA will limit the circulation of post-consumer textiles between African countries. While this decision on protocol preventing the trade of secondhand clothes across the continent was adopted on 1 June 2023,⁹⁶ it has not yet come into effect, and may be very difficult to enforce. However, if EU regulations do affect a surge in flows of used textiles, this could create further waste management challenges.

The market for post-consumer textiles in Ghana is already saturated, with supply vastly outstripping demand. The declining quality of imports, largely due to fast fashion, has been jeopardising the viability of the second-hand retail sector for over a decade.⁹⁷ This situation is expected to worsen if the proportion of low-quality clothing continues to increase, as anticipated in the short to medium term. The lowest quality grade of imported textiles, known as 'asei' (which translates to 'under'), has steadily risen as a share of overall imports. As a result, some traders have already left the market, and there is a significant economic risk not only for import-related businesses but also for the traders who rely on this trade for their livelihoods.⁹⁸

Despite proposals for improved sorting standards under the 2023 amendments to the Waste Framework Directive, this alone may not resolve the challenges faced by high-volume post-consumer textile importing countries like Ghana; as previously mentioned, most incoming textiles are sorted and are considered re-wearable. The issue extends beyond sorting to a broader decline in global textile quality, with stakeholders noting that focusing solely on sorting prior to export is insufficient—a more comprehensive value-chain approach is needed. Consequences in downstream countries such as Ghana are directly linked to upstream production practices; this fact needs to influence and foreground such a comprehensive value-chain approach to change.

⁹⁶ Kagina, A. (2023, June 2nd). AfCFTA: African ministers adopt ban on trade of second-hand clothes. The New Times. Retrieved from: The New Times website.

⁹⁷ Circular Berlin & Muth, L. (2024). Redirecting textile Extended Producer Responsibility (EPR) policies: A multistakeholder workshop bridging Germany and Ghana (Multi-stakeholder workshop).

⁹⁸ Circular Berlin & Muth, L. (2024). Redirecting textile Extended Producer Responsibility (EPR) policies: A multistakeholder workshop bridging Germany and Ghana (Multi-stakeholder workshop).

The surge in low-quality textile exports from the EU would place immense pressure on Ghana's waste management systems, which are already overwhelmed. Local authorities, such as the Accra Metropolitan Assembly (AMA), bear the financial burden of handling this waste. With an approximate US\$500,000, the AMA manages to collect only 70% of the waste in the best case, while the remainder is either inadequately disposed of or burned, contributing to environmental degradation and air pollution.⁹⁹ It is challenging to compare the cost of textile collection in Ghana with that of cities in Global North countries, such as European member states. In these cities, collection systems are generally well-established, with a network of collectors and sorters who profit from processing textiles¹⁰⁰ (although this trade has experienced difficulties in recent years, particularly with the looming introduction of mandatory separate collection). Textile bins and sorting facilities are increasingly available, and there are options for recycling. Despite this, the budget available to municipalities in European cities is far more consistent than what is available for Accra.

For example, the cost of managing unseparated municipal textile waste (UMTW) is estimated to reach up to €30 million for local authorities in Catalunya, Spain.¹⁰¹ Although waste management governance, infrastructure and functions are very different in different countries, this provides some sense of the resources involved. The lack of organisation and recognised actors in Ghana's collection and sorting system makes it difficult to draw direct cost comparisons with European municipalities.

In Accra, as across the world more generally, the adverse environmental impacts of textile waste continue to primarily affect already marginalised social groups. The financial strain of mitigating environmental impacts is further exacerbated by the high costs associated with waste management, including landfill maintenance, and there are currently no European EPR schemes equipped to transfer fees to overseas waste management systems, leaving the polluter-pays principle unfulfilled. For more context on globally accountable EPR, see The Or Foundation's 2023 report *Stop Waste Colonialism: Leveraging Extended Producer Responsibility to Catalyse a Justice-led Circular Economy*.¹⁰²

Ghana has seen a notable decline in second-hand clothing imports, from 150,000 tonnes in 2021 to 130,000 tonnes in 2022, with corresponding drops in value from US\$215 million to US\$172 million.¹⁰³ Imports from the EU specifically fell by 27% during this period, partly due to factors unrelated to textile policies. These include import tariffs, competition with Chinese textiles, and European exporters shifting to new markets. However, currency depreciation has

⁹⁹ The Or Foundation. (2023). *Stop waste colonialism: Leveraging Extended Producer Responsibility to catalyze a justice-led circular textiles economy*. Retrieved from: [Stop Waste Colonialism website](#)

¹⁰⁰ Rijkwaterstaat. (2018). Used textile collection in European cities. Retrieved from: ECAP [website](#)

¹⁰¹ Morell-Delgado, G., Talens Peiró, L., & Toboso-Chavero, S. (2024). Revealing the management of municipal textile waste and citizen practices: The case of Catalonia. *Science of The Total Environment*, 907, 168093. doi: [10.1016/j.scitotenv.2023.168093](#)

¹⁰² The Or Foundation. (2023). *Stop waste colonialism: Leveraging Extended Producer Responsibility to catalyze a justice-led circular textiles economy*. Retrieved from: Stop Waste Colonialism website

¹⁰³ GUCDA. (2024). An evaluation of the socio-economic and environmental impact of the second-hand clothes trade in Ghana. Retrieved from: GUCDA website

had the most significant impact: import duties in Ghana are paid in *cedis*; however, the duty is calculated based on the value of goods in US dollars. In 2022, the *cedi* sharply depreciated against the dollar, causing import duties on post-consumer goods shipped from Europe to Ghana to become substantially more expensive in local currency by the time they reached Ghana. This increase in import costs contributed to a slowdown in imports.

Organisations representing used textile importers argue that this decline could have broader social and economic impacts, including reduced government revenue. For example, the Ghana Used Clothing Dealers Association (GUCDA) claims that the trade contributes approximately US\$29.5 million in import taxes, which are critical for funding essential governmental and social programmes.¹⁰⁴ However, currently, there is no direct link between import duty and waste management funding. It is very difficult to assess the total contribution of the second-hand clothing industry to the national economy. There is a high volume of activities existing outside of the VAT threshold that are, therefore, not being tracked by statistical services. What's more, while import duties generate some revenue,¹⁰⁵ these funds are not directed towards the correct channels for managing the influx of textiles, as partly evidenced by the Accra Metropolitan Assembly's ongoing financial struggles.

While the second-hand clothing sector faces significant challenges, Ghana's local textile industry has been experiencing signs of a potential revival along two main channels (see Box five below.)

Local textile production for export grew from US\$12.5 million in 2017 to US\$24.7 million in 2021, despite the impacts of the covid-19 pandemic on clothing demand in 2020.¹⁰⁶ The majority of this export-centric activity, however, reflects unsustainable mass-production norms using mainly imported synthetics rather than regional cotton. In contrast, the locally made-to-order 'sew and sell' textiles, often crafted with traditional African 'wax prints', hold cultural significance and are frequently used for special occasions. These materials, sourced in Ghana but also imported at lower costs from China, remain more expensive than second-hand options, making them unviable direct replacements for many consumers. Despite this growth, the local textile industry currently provides fewer jobs than post-consumer textile activities.¹⁰⁷

The growing local textile industry presents a possible opportunity for Ghana to shift from being a recipient of used textiles to a producer in its own right. However, there is a risk that Ghanaian textile production could mirror the fast-fashion-based, export-centric model seen in Ethiopia, with potential expansion into less-regulated markets under the AfCFTA. Textile production as an economic development pathway has historically replicated environmentally intensive processes that simultaneously (re)produce social inequalities via a high-volume

¹⁰⁴ GUCDA. (2024). *An evaluation of the socio-economic and environmental impact of the second-hand clothes trade in Ghana*. Retrieved from: [GUCDA website](#)

¹⁰⁵ Feyertag, J., Diamond, P. (2024). *Job creation in Africa's second-hand clothing sector*. Humana. Retrieved from: [Humana website](#)

¹⁰⁶ Waddington, R., Onumah, J.A. (2023). *Sector systems analysis of textiles and clothing subsector in Ghana: Productivity ecosystems for decent work*. International Labour Organization. Retrieved from: [ILO website](#)

¹⁰⁷ Sarpong, D., Ofori, G., Botchie, D., & Meissner, D. (2023). A phoenix rising? The regeneration of the Ghana garment and textile industry. *Socio-Economic Review*, 22(1), 81–105. doi:10.1093/ser/mwad022

fast-fashion model. Under the Ghanaian *Circular Economy Action Plan*, the existing capacities within the reuse and remanufacturing of second-hand textiles are emphasised as sources for alternative forms of fashion development.

Outside traditional textile production, innovation in upcycling offers potential economic opportunities, particularly given the volume of used clothing imports. Initiatives like The Revival, which upcycles waste from the Kantamanto Market in collaboration with craftsmen, local fashion students and members of the public, and KoliKo Wear, which targets youth unemployment by creating shoes from textile waste, exemplify the potential for dual social and economic benefits.¹⁰⁸

Under the 2021 economic partnership agreement, Ghanaian products, with the exception of arms, enjoy duty-free and quota-free access to the EU market.¹⁰⁹ However, it is far from clear how or whether this access will be possible in the case of upcycled textiles. ESPR product requirements may present significant challenges for Ghanaian exports to European markets. While repaired and refurbished goods originating in the EU will not need to comply with ESPR, there is a lack of clarity regarding repaired and refurbished items originating outside of the EU. At the same time, the EU ESPR states that it will consider remanufactured goods as new and, therefore, subject to meet complex and costly traceability demands under the DPP, which will be particularly difficult (if not impossible) for Ghana's informal textile sector to follow. This challenge would be exacerbated by the fact that most post-consumer textiles are synthetic and, hence, potentially harmful. It's difficult to estimate how this could affect the current (relatively limited) Ghanaian textile sector, but it is plausible that it could inhibit the realisation of a significant opportunity vis a vis exporting high-quality upcycled products to EU markets.

Furthermore, if upcycled garments are not regarded as 'remanufactured' (that is, new), they will be exported under HS6309 (worn clothing). In this case, Ghana will block the export as it is not a value-added good, the EU will charge a 5.3% tariff (current rate on used textile import), and the item will remain technically 'waste' under Regulation (EC) No 1013/2006 on shipments of waste.

The textile-specific delegated act following the ESPR has yet to be drafted, and the lack of existing standards or classifications for renewed, remanufactured, repaired, and upcycled garments will remain a substantial challenge. Since each garment type varies, it may be challenging to create a streamlined system that meets EU compliance. This challenge casts doubt on the potential for a sustainable trade loop in which Ghana could export upcycled textiles to the EU. Without clear EU pathways for such products, developing global reverse value chains—those involving textile repair, refurbishment, and upcycling—becomes difficult, limiting opportunities for fairer and more circular trade. This reflects a broader risk: while the EU textile sector could become more circular, its trade partners could inadvertently move in the opposite direction. A truly circular textile sector demands a global value chain approach within EU policy, without which there will be continued net negative environmental impacts from textile production and consumption.

¹⁰⁸ Johnson, S. (2023, August 16). 'We turn waste into something golden': the creatives transforming rags to riches. *The Guardian*. Retrieved from: [The Guardian website](#)

¹⁰⁹ European Commission. (2017). Interim economic partnership agreement between Ghana and the European Union - factsheet. Retrieved from: European Commission website

Box five: Textile production in Ghana

Ghana's textile market: Balancing mass production, local MSMEs, and the demand for affordable second-hand apparel

An analysis by the International Labour Organization (ILO) identified two primary market channels for textile production in Ghana. The **first channel** involves the mass production of textiles for purchase orders, with 84 companies operating within a tiered system based on production capacity, which is determined by the number of machines they possess. The main inputs for this channel are sourced from textile mills in China, with few backward linkages to Ghana's cotton production. The **second channel** is predominantly informal, consisting of approximately 500,000 MSMEs that make up the domestic textile market. This market is largely focused on local retail and made-to-order garments.¹¹⁰

Despite the presence of a domestic textile industry, demand for second-hand clothing remains high in Ghana, and a low-wage economy is still feeling the long-term effects of colonialism, trade liberalisation policies, and globalisation. Price disparities between second-hand and domestic goods are significant: a second-hand shirt typically costs between GH¢25 and GH¢40 (US\$1.80 to US\$2.74), while a made-to-order tailored shirt is priced at GH¢130 to GH¢280 (US\$9 to US\$19).

Alongside Ghana's growing textile sector and upcycling initiatives, recycling also presents a potential economic opportunity for local businesses, although this prospect requires careful consideration and framing. The influx of cheap, high-volume textile imports could enable Ghana to position itself as a hub for recycled yarn production within a wider regional value chain. This would help reduce production costs while tapping into the increasing consumer demand for sustainable apparel.¹¹¹ However, establishing and scaling textile recycling markets is challenging, and many of the used textiles entering Ghana are composed of synthetics and blends, which require expensive and energy-intensive technologies to recycle. Long-term success hinges on securing sustained funding and reliable sources of feedstock. For instance, a study by Fashion For Good and Circle Economy found that 74% of low-quality post-consumer textiles from six European countries could be used as viable recycling feedstock.¹¹²

Early research from GIZ¹¹³ highlights thermo-mechanical textile recycling as a primary

¹¹⁰ Waddington, R., Onumah, J.A. (2023). *Sector systems analysis of textiles and clothing subsector in Ghana: Productivity ecosystems for decent work*. International Labour Organization. Retrieved from: [ILO website](#)

¹¹¹ Waddington, R., Onumah, J.A. (2023). *Sector systems analysis of textiles and clothing subsector in Ghana: Productivity ecosystems for decent work*. International Labour Organization. Retrieved from: [ILO website](#)

¹¹² Fashion for Good & Circle Economy. (2022). *Sorting for circularity Europe: An evaluation and commercial Assessment of textile waste across Europe*. Retrieved from: [Fashion for Good website](#)

¹¹³ Engelhardt, C., Berste, E., & Kolsch, F. (2024). *Assessment study: Used textiles at Kantamanto market*. GIZ. Retrieved from: [GIZ website](#)

area of economic potential for Ghana, particularly given the aforementioned difficulty in recycling synthetic and synthetic-blend textiles, which dominate the global textile industry. Samples from Kantamanto Market showed that 9% of the fabrics present were pure polyester and 25% were mixed polyester, making thermo-mechanical recycling the most plausible method for synthetic fibre recycling in Ghana, as opposed to chemical recycling (fibre-to-fibre recycling, which produces high-quality recycled fibres, requires elastane-free pure polyester feedstock). Research carried out over a longer time frame by The Or Foundation (partially published at time of writing) indicates that even higher proportions are synthetic (over 11% pure polyester and 28% polyester blends).¹¹⁴ Initial tests conducted by Pyramid Recycling, a Ghana-based company that produces plastic products without virgin inputs, have shown positive results using synthetic textile fibres. However, further tests and machinery investments are necessary to scale, as well as life-cycle assessments to determine the net environmental desirability of recycling interventions.¹¹⁵ Furthermore, the context of a waste management crisis beyond textiles raises additional questions regarding the desirability of polyester recycling. There are significant volumes of PET bottles and polythene bags that also need an output, which may be offset by polyester textile recycling. These dilemmas highlight the need to consider recycling pathways more holistically, which is also in the spirit of the EU *Textile Strategy* and Eco-design goals. Key questions remain regarding 'optimal' recycling solutions: is it possible to implement legislation to reduce polyester as well as creating markets for recycling it? Where is the greatest impact value for new technologies vs regulations?

A potential risk for Ghana's nascent recycling industry, despite having lower labour costs, is competition from European recyclers, which benefit from better funding and resources. As Europe continues to expand its recycling infrastructure, less viable recyclable textiles may be exported to Ghana, perhaps limiting the local industry's capacity to grow, especially if funding for Ghana's recycling sector is not backed by long-term commitments to supply high-quality feedstock. This uncertainty is a key deterrent for investments in recycling.

Establishing a solid recycling sector in Ghana could also provide a number of opportunities for the country, including a wide range of new activities—from sorting and processing feedstock to potentially opening new export markets for recycled yarns and fibres. This sector could be funded by historically significant exporting countries such as the UK, the Netherlands, and France, as well as through transferred EPR funds. However, it is crucial that recycling is not prioritised over more sustainable waste management strategies like reuse, repair, and reduction, as per the waste hierarchy. Recycling should be viewed as one part of a holistic approach rather than a panacea. What's more, despite many benefits for local actors, it's important to recognise that bolstering Ghana's recycling sector would still not be addressing the problem of hyper-consumption in the Global North: framing waste management as a development opportunity must be treated with caution. This also highlights the need for proper funding, with the costs of developing recycling infrastructure in Ghana being borne by those responsible for generating the waste in the first place.

¹¹⁴ The Or Foundation. (2022). *Waste makes visible our separation from nature: A waste landscape report*. Retrieved from: The [Or Foundation website](#)

¹¹⁵ Engelhardt, C., Berste, E., & Kolsch, F. (2024). *Assessment study: Used textiles at Kantamanto market*. GIZ. Retrieved from: [GIZ website](#)

2. Labour market and sectoral transformation

This section looks at the impact of EU textile policies on Ghana, and, more specifically, the impact on job creation, job transformation and job loss.

Key messages

1. Diverse job roles and policy considerations

Jobs related to second-hand textiles in Ghana span both the formal and informal sectors and involve a wide range of roles, such as importers, traders, tailors, seamstresses, and waste workers. Policies like the Waste Shipment Regulation and Waste Framework Directive need to carefully consider how a potential abrupt drop in second-hand textile imports, without a corresponding expansion of roles elsewhere, could, therefore, have severe effects. At the same time, these policies should work towards their aim of reducing low and waste quality used textile exports along with their management burdens to the Global South.

2. Quality concerns and limited employment alternatives

The decline in the quality of second-hand textiles, which is expected to continue—particularly if EU exports drop and are replaced by worse quality used textiles from other regions—could also affect employment. This situation is especially concerning due to the scarcity of alternative employment opportunities and the absence of government transition plans to support the affected workforce.

3. Lack of decent work conditions

Despite the second-hand textile trade being a sector providing employment, it is also important to note that many of these jobs do not offer decent work conditions. Employment opportunities in this trade must be considered through a qualitative as well as quantitative lens.

Jobs in Ghana related to second-hand textiles encompass both the formal and informal sectors, covering a wide range of roles, including importers, market traders, tailors, seamstresses, and waste workers. Employment figures within the textile sector are widely debated, particularly concerning the ratio of formal to informal workers. According to ILO data, there are approximately 531,411 workers (both formal and informal) across various stages of the value chain, excluding end-of-life management (see [Textile Trade Flow and Employment Baseline Analysis Bangladesh](#)). In Kantamanto alone, an estimated 30,000 people are employed in the

resale of second-hand clothing.^{116 117 118 119 120} This figure excludes resellers across the rest of Ghana, including those involved in internet resale, as well as repair tailors. According to the Tailors and Seamstresses Association, around 600,000 people in Ghana (roughly 2% of the population) are mostly informally employed in activities related to the resale of used textiles.¹²¹ It should be noted that these figures are approximate and possibly inaccurate; reliable disaggregated data on employment rates and roles remains a key knowledge gap. It is currently impossible to determine the trade policy and circular textiles policy impacts on jobs with certainty; dynamics should be interrogated and closely monitored.

The scale of the sector is evident. Our [Textile Trade Flow and Employment Baseline Analysis Ghana](#) estimates that around 600,000 workers (mainly informal) in Ghana are employed in jobs relating to second-hand clothing, including porters, tailors, seamstresses, upcyclers, dyers, retailers, drivers and more.¹²² The GUCDA claims to represent a much higher figure: approximately 2.5 million second-hand clothing traders in Ghana.¹²³ However, this project's stakeholder workshop (convened in Accra on 11 and 12 July 2024 involving retailers, upcyclers, *kayayei* and one importer) explicitly refutes this claim. Despite this disagreement regarding figures, as well as the distinct methodological challenges associated with quantifying employment rates in a largely informal sector, it's clear that this sector is a significant employer in the country. For this reason, a potential decline in volume and quality of post-consumer textile imports, without a corresponding expansion of opportunities in other sectors or a substantial expansion of circular textile activity, could have severe consequences for this vast and varied workforce.

Women play a significant role in Ghana's informal textile economy and comprise a higher share of the informal sector. Nationally, 92% of employed women are in informal employment, compared to 86% of men.¹²⁴ This predominance is partly due to a gender gap in education, as formal wage jobs often require higher levels of education, although informal employment is the norm across different genders in Ghana.¹²⁵ Informal traders who are women are particularly vulnerable in an already precarious sector and face additional challenges in balancing work with the responsibility of caring for young children, often without access to childcare support. The

¹¹⁶ Ricketts, L. (2021, January 30). This is not your goldmine, this is our mess. *Atmos*. Retrieved from: [Atmos website](#)

¹¹⁷ The Or Foundation. (2022). *Waste makes visible our separation from nature: A waste landscape report*. Retrieved from: [Or Foundation website](#)

¹¹⁸ Oteng-Ababio, M., Sarfo, K. O., & Owusu-Sekyere, E. (2015b). Exploring the realities of resilience: Case study of Kantamanto Market fire in Accra, Ghana. *International Journal of Disaster Risk Reduction*, 12, 311–318. doi:10.1016/j.ijdr.2015.02.005

¹¹⁹ Manieson, L. A., & Ferrero-Regis, T. (2022). Castoff from the West, pearls in Kantamanto?: A critique of second-hand clothes trade. *Journal of Industrial Ecology*. doi:10.1111/jiec.13238

¹²⁰ Skinner, J.B. (2019). *Fashioning waste: A thesis on Kantamanto market and the global secondhand clothing trade*. The Or Foundation. Retrieved from: [Or Foundation website](#)

¹²¹ Circle Economy. (2023). Key Informant Interview, Textile Trade Flow and Employment Baseline Analysis Ghana. (See Appendix B).

¹²² GUCDA. (2024). An evaluation of the socio-economic and environmental impact of the second-hand clothes trade in Ghana. Retrieved from: GUCDA website

¹²³ GUCDA. (2024). *An evaluation of the socio-economic and environmental impact of the second-hand clothes trade in Ghana*. Retrieved from: [GUCDA website](#)

¹²⁴ Baah-Boateng, W. & Vanek, J. (2020, January). Informal Workers in Ghana: A Statistical Snapshot. WIEGO. Retrieved from: WIEGO website.

¹²⁵ Anyidoho, N.A., & Steel, W.F. (2016). *Perceptions of costs and benefits of informal-formal linkages: Market and street vendors in Accra, Ghana*. WIEGO. Retrieved from: [WIEGO website](#)

covid-19 pandemic has worsened this situation, during which schools and childcare closures further limited their options. It remains unclear how this situation has evolved since the end of the pandemic, but it is possible that impacts are ongoing. Organisations like WIEGO are working to address this issue by bringing together women worker leaders and government officials in Accra to develop national childcare guidelines that would ensure safe, affordable, and inclusive child care within marketplaces.¹²⁶ The EU should remain alert to these kinds of efforts and the employment dynamics surrounding trade flows in Ghana and other post-consumer textile export countries.

Despite discussions around expanding roles in the reviving textile industry and emerging opportunities in upcycling and recycling, **these sectors currently offer limited job prospects in the short to medium term.** The next section will explore the skills needed to realise these emerging opportunities.

3. Work reallocation and skills development

This section examines the impact of European legislation on employment changes, the transition of workers into new roles, and the opportunities for skill development to support entry into these new jobs.

Key messages

1. **Fast fashion poses a threat to employment**

The ongoing decline in the quality of post-consumer textile imports associated with the global fast-fashion model could threaten significant job losses in Ghana, rendering second-hand clothes less desirable to local consumers and potentially generating increased volumes of discards.

2. **Unclear impact of EU regulations on job creation**

Current European regulations, such as the Waste Framework Directive, emphasise job creation in waste management and textile recycling, but these benefits are primarily projected for Europe, leaving the impacts on job creation and destruction in downstream countries unclear.

3. **Skills in the second-hand trade**

In the second-hand clothing trade, various skill sets are available, often with transferable potential for roles in the retail industry and beyond. Yet there is a substantial knowledge gap regarding transition pathways for workers in this largely informal sector, and a corresponding lack of connection between EU regulation and the creation of more prosperous jobs in Ghana.

¹²⁶ WIEGO. (n.d.). COVID-19 impact on informal workers in Accra. Retrieved from: WIEGO's [website](#)

4. Valuable circular practices already in place

Despite these challenges, the second-hand sector in Ghana, particularly in areas like Kantamanto Market, offers valuable circular skills and innovative practices that are currently under-recognised. An estimated one million garments are newly crafted and recirculated in the market every week, with around 3,000 people working in this space.

5. Recommendations for EU trade regulations

The EU should ensure that trade regulations recognise rather than repress this already-existing activity; this misunderstood momentum needs further support to reduce the difficulties associated with upcycling.

If business as usual continues, many jobs will be at risk in Ghana—not only due to the declining quality of imports but also because of shifting consumer preferences and growth in the consumption of fast fashion in Ghana and the rest of Africa.¹²⁷ For example, fashion e-commerce is expected to rise in Ghana over the coming years with a predicted compound annual growth rate of 7.2%.¹²⁸ International brands and retailers are increasingly entering the Ghanaian market as consumer markets expand alongside greater disposable income and internet access.¹²⁹ However, it's important to approach this trend with nuance. While job losses in the second-hand sector and the importance of reuse for sustainability are critical issues, they cannot be directly used to critique a shift in consumer preferences towards newer fast fashion products in Ghana. This shift is influenced by various socio-political factors and the manufactured demand created by fast-fashion producers, representing a byproduct of economic development that has led to hyperconsumption and the devaluation of clothing globally.

Fast-fashion habits enter Ghana not only through second-hand trade but increasingly through the new fast-fashion market, where garment prices are comparable with those of second-hand items. Despite this increase, new fashion product consumption rates in Ghana still remain well below those in the EU and other high-consumption countries that export their textile waste to Ghana. It is important to stress, however, that the large number of people employed in second-hand textile markets cannot easily transition to fast fashion jobs, as most of those jobs are located outside Africa, primarily in Asia.

Overall, European policies affecting high-volume post-consumer textile-importing countries fail to adequately consider the implications for job creation, job loss, or the broader transformations within the sector. The Impact Assessment report for the *Waste Framework Directive* stresses that 'the social impacts in the EU and partner countries are expected to be mitigated,' with 8,740 jobs projected to be created in the textile recycling and waste management sectors, including in

¹²⁷ Rajvanshi, A. (2024, January 13). Shein Is the world's most popular fashion brand—at a huge cost to us all. *TIME*. Retrieved from: [TIME Magazine website](#)

¹²⁸ E-commerce Database. (n.d.) Fashion Market in Ghana. Retrieved from: [ECDB website](#).

¹²⁹ KPMG. (2016). The African Consumer and Retail: Sector Report. Retrieved from: [KPMG website](#).

social enterprises.¹³⁰ However, the geographical scope of this job creation is vague and is likely to be predominantly within Europe: one study that quantitatively maps the impact of the EU CE's effects on global textile production employment suggests that jobs will significantly decrease in non-EU low-to upper-middle-income countries.¹³¹ In parallel, high-volume post-consumer textiles importing countries like Ghana could face potential job losses without intentionally designed equivalent compensatory opportunities (with the caveat that due to the complex nature of global trade flows, Ghanaian importers may adapt by pivoting to other sources if available).

Within the second-hand clothing trade, various roles require distinct skill sets, many of which offer transferable skills for diversification of the industry into local textile production, upcycling, or recycling.¹³²

Importers, for instance, develop strong business and negotiation skills, building and maintaining long-term relationships with suppliers and traders alongside an in-depth understanding of the textile sector and local demand. Sorters are knowledgeable about textiles and engage in detailed, rigorous quality assurance work, distinguishing fabric types like cotton, acrylic, and wool by touch. These skills are often developed gradually over time, sometimes through training programmes or self-taught. Traders in the second-hand clothing market excel in sales, customer service, and marketing, with strong negotiation abilities and a comprehensive understanding of local market demands.

If some traders were to exit the market, they would face limited alternative employment opportunities. In particular, there is a significant knowledge gap regarding transition pathways for market traders, as well as employment opportunities for workers with the skill sets described in the previous paragraph: the transferable skills of workers in import, sorting, and trading roles may not seamlessly translate into emerging sectors such as local textile production, upcycling, or recycling. A study by GUCDA found that retailers claim they would pursue retail or wholesale work elsewhere (in retail, wholesale, manufacturing, or entrepreneurship in a different field) if they were not in the second-hand clothing market. This is difficult to verify. As informal workers, market traders might face additional challenges when moving into formal retail occupations, and many traders have families to support, with a notable proportion of women and young people engaged in this trade. Another study by Humana has highlighted that the second-hand trade provides opportunities for workers to 'diversify income streams and sustain livelihoods, particularly for those who are currently engaged in subsistence farming.'¹³³ However, other research indicates that there is little conclusive evidence that the second-hand clothing trade plays a significant role in poverty alleviation.¹³⁴ This point highlights the need for the sector to be supported in the short to medium term with a long-term plan to transition away from economic

¹³⁰ Repp, Lars, et al. (2021). Circular economy-induced global employment shifts in apparel value chains: Job reduction in apparel production activities, job growth in reuse and recycling activities. *Resource, Conservation and Recycling*. Volume 171, August 2021, 105621.

¹³¹ Repp, Lars, et al. (2021). Circular economy-induced global employment shifts in apparel value chains: Job reduction in apparel production activities, job growth in reuse and recycling activities. *Resource, Conservation and Recycling*. Volume 171, August 2021, 105621.

¹³² Wang, J. (2024). The backbone of quality: Hiring, training, and supplier partnerships in second hand clothing. Retrieved from: [LinkedIn](#)

¹³³ Feyertag, J., Diamond, P. (2024). *Job creation in Africa's second-hand clothing sector*. Humana. Retrieved from: [Humana website](#)

¹³⁴ Ericsson, A. and Brooks, A. (2014). African second-hand clothes: Mima-te and the Development of sustainable fashion. doi: 10.4324/9780203519943.

reliance on imported used textiles entirely (the EU's legacy responsibility in this context highlights the need for them to support where appropriate at each stage).

Valuable skills for the circular economy already exist within the second-hand clothing sector but are currently under-recognised and require financial support to be fully leveraged.

Without this support, these skills are at risk of being lost. Spaces like Kantamanto should be seen as centres of circular innovation and knowledge when developing upstream policies to support the circular economy transition. Workers who have historically worked with fibres to maximise their use and value are well placed to inform routes for diversifying the local industry and strengthening competitiveness. However, this recognition should not romanticise the difficult and often precarious conditions under which these workers operate: without representation, minimum wage, social protection, or healthcare. Recognising the value and skills of workers involved in recirculating used textiles through a wide range of activities—rather than characterising them as 'low-skilled' informal labour—can make visible different forms of material innovation and revaluation. Such recognition is a vital first step in building more equitable structures that support vulnerable workers, enabling the redistribution of resources and the allocation of funds to this essential activity, which already diverts vast amounts of textiles from landfills. Diverting materials from landfills requires consistent and sufficient resources and infrastructure; beyond recognition, circular activity needs to be better supported by responsible actors, including EU governments and producers. As the Or Foundation highlights: 'If it costs us more to upcycle rather than discard, that is when we consider it waste. It takes real resources to add that value.'

It is also important to acknowledge that the skill profiles of individuals facing job losses—such as importers and retailers—may not easily align with emerging opportunities in sectors like local production, upcycling, and recycling. This skills mismatch requires further examination to effectively bridge the gap and support a smooth transition for affected workers.

4. Informality and the circular economy

This section explores how new European legislation in the sector could impact informal workers in Ghana.

Key messages

1. Prevalence of informal work

Informal work is widespread in Ghana's second-hand textile sector, mirroring the national trend: informal work makes up 89% of employment. Many of these jobs are in small household enterprises, where people work alone or with family members, often without formal structures or safety nets. However, non-centralised structures and organisations, including informal market associations and community banking initiatives, offer layers of support for many workers.

2. Risks of job loss

Job losses due to market saturation could be particularly damaging for this largely informal workforce. In the post-consumer textile trade, there's a clear divide in power and income between workers, which relates to an interplay of factors not fully captured by the formal/informal distinction.

3. Need for industry changes

The broader textile industry in Ghana will require significant changes to create decent work opportunities and better support informal workers. Importantly, efforts to formalise this sector should be carefully designed to ensure that integration leads to real benefits for all workers and not just assumed to do so.

4. Targeted support for informal workers

Policymakers, development institutions, and funders must, therefore, strive to extend support to informal workers (rather than limiting efforts to formal enterprises). This could involve supporting existing initiatives, collaborations and networks, including informal waste worker cooperatives. It's essential to consider the varied experiences and needs of informal workers, which differ by gender, location, and their specific roles in the sector.

The prominence of informal work in Ghana's second-hand textile sector reflects the broader national context, where the informal sector represents 89% of total employment.¹³⁵ According to data from the Ghana Living Standards Survey (GLSS5), most micro and small enterprises are household enterprises, with 72% consisting of self-employed

¹³⁵ Baah-Boateng, W. & Vanek, J. (2020, January). Informal Workers in Ghana: A Statistical Snapshot. WIEGO. Retrieved from: WIEGO website.

individuals working alone and 21% involving family members or casual workers.¹³⁶ In places like Kantamanto Market, this informality is especially evident, as vendors, tailors, and waste workers predominantly operate outside formal employment structures.¹³⁷

As noted earlier in this report, informal workers face multifaceted labour risks, often compounded by existing socioeconomic vulnerabilities. Those engaged in informal work tend to be poorer, less educated, and face challenges from the state.¹³⁸ Women, in particular, are more likely to be engaged in informal employment, partly due to the gender gap in education, as formal wage jobs often require higher levels of education.¹³⁹ The sector can also be seen as a space of resistance, as many workers turn to informality in response to structural barriers and the lack of decent work in formal spaces. While informal work may offer certain advantages, such as greater flexibility, it should not be viewed as a homogeneous space. Similarly, formal employment is not a panacea for the complex challenges faced by these workers.

Within the post-consumer textiles sector in Ghana, workers occupy different levels of power and influence, with those in informal roles typically having less power. However, not all informal workers are equally disadvantaged, with processes of exclusion related to labour tending to intersect with other processes of marginalisation linked social identities. Within the post-consumer textiles value chain in Ghana, various roles exist, from importers, intermediaries, and wholesalers to vendors, tailors, seamstresses, and waste collectors. Middlemen, wholesalers, distributors, and importers tend to hold more comfortable positions, often earning higher incomes and possessing more education. For example, research from the GUCDA¹⁴⁰ highlights the age, skill level, and income disparities between importers and traders, with importers generally being older, having tertiary education, and earning significantly more. In contrast, many retailers have only completed primary or junior education.

70% of informal market traders in Accra source their goods from other informal enterprises—according to a WIEGO study. Intermediaries between importers and informal retailers often pass increased costs, such as those resulting from currency depreciation, onto retailers, who, in turn, struggle to pass these costs on to consumers. This is especially true in times of market saturation and when wages fail to keep pace with inflation.¹⁴¹

The potential benefits of integrating the informal and formal economies cannot be assumed without specific policies, institutions, and measures in place to mitigate risks

¹³⁶ Anyidoho, N.A., & Steel, W.F. (2016). *Perceptions of costs and benefits of informal-formal linkages: Market and street vendors in Accra, Ghana*. WIEGO. Retrieved from: [WIEGO website](#)

¹³⁷ The Or Foundation. (2022). *Waste makes visible our separation from nature: A waste landscape report*. Retrieved from: The [Or Foundation website](#)

¹³⁸ Sowatey, E. et al. (2018). Spaces of resilience, ingenuity, and entrepreneurship in informal work in Ghana. *International Planning Studies*. 23(4). [10.1080/13563475.2018.1480933](#)

¹³⁹ Anyidoho, N.A., & Steel, W.F. (2016). *Perceptions of costs and benefits of informal-formal linkages: Market and street vendors in Accra, Ghana*. WIEGO. Retrieved from: [WIEGO website](#)

¹⁴⁰ GUCDA. (2024). *An Evaluation of the Socio-Economic and Environmental Impact of the Second-Hand Clothes Trade in Ghana*. Retrieved from: GUCDA [website](#).

¹⁴¹ Anyidoho, N.A., & Steel, W.F. (2016). *Perceptions of costs and benefits of informal-formal linkages: Market and street vendors in Accra, Ghana*. WIEGO. Retrieved from: [WIEGO website](#)

and ensure a more equitable distribution of returns.¹⁴² Recognising market trade and street vending as significant parts of the economy should be given greater attention, as should exploring how policies and macroeconomic changes impact these workers' livelihoods. A basic yet important step in this direction would be for official analyses of macroeconomic and social policy to include references to the effects on informal workers. This would require collaboration between research organisations, national statistical bureaus and organisations working with the informal sector in-country. Such preliminary efforts should then be further developed through targeted support for grassroots informal groups and networks. Finally, in policy-making and advocacy, it will be crucial to avoid homogenising informal traders. Research shows that the experiences and needs of vendors vary by gender and location. These differences must be taken into account and continually interrogated to ensure that policies and interventions are truly effective in supporting the diverse range of workers in this sector.¹⁴³

5. Decent work and social equity

This section examines the impact of European legislation on various aspects of work quality within the Ghanaian textile sector, including health and safety, human rights, living wages, and worker representation.

Key messages

1. Inadequacy of EU policy framework

The current EU policy framework is poorly equipped to address the significant harms associated with the used textiles trade, particularly in Ghana. The CSDDD, for instance, excludes downstream activities, meaning that companies are not held liable for human rights and environmental impacts related to the end of life of textiles.

2. Unstable and precarious employment

The existing conditions in the used textiles trade do not promote decent employment, and income variability among participants is significant. Retailers, who often have households and dependents, are particularly vulnerable to macroeconomic trends such as high inflation and currency depreciation.

3. Severe health impacts

Health impacts linked to the trade are severe, including respiratory issues from air pollution caused by burning textiles with plastic microfibres, and the hazardous conditions around overflowing landfills, like Kpone, as well as open-dumping along the Korle Lagoon (near the Kantamanto market). Additionally, head-carrying of heavy bales by female

¹⁴² Anyidoho, N.A., & Steel, W.F. (2016). *Perceptions of costs and benefits of informal-formal linkages: Market and street vendors in Accra, Ghana*. WIEGO. Retrieved from: [WIEGO website](#)

¹⁴³ Anyidoho, N.A. (2013). *Street vendors in Accra, Ghana*. WIEGO. Retrieved from: [WIEGO website](#)

workers leads to serious physical injuries with little to no health support available.

4. Lack of representation and decent working conditions

There is overall a lack of representation and organisation, both of which disproportionately affect informal workers involved in retail and trade. Existing reuse, as well as new circular activities in the textile trade—including local textile production, upcycling, and recycling—must prioritise decent working conditions.

5. EU regulatory efforts and the need to invest in workers

EU regulations are attempting to address the recognised socio-economic and environmental issues associated with textile exports. It is widely acknowledged that a ban on exports in the short term would prove catastrophic for workers. Instead, the WFD and WSR aim to provide better frameworks for quality assurance of exported post-consumer textiles (under HS6309). These efforts—including EPR and work on clarifying frameworks for waste criteria—need to go further and include investments in supporting Ghanaian workers.

The current suite of EU policies is inadequately equipped to address the complexities of the second-hand textile trade and its associated social and environmental challenges. The CSDDD, in its final form, fails to hold companies accountable for human rights and environmental harms linked to product disposal, dismantling, recycling, or landfilling, leaving a significant gap in regulation.¹⁴⁴ Conditions within the second-hand textile trade are far from promoting decent employment, with workers facing unstable incomes and precarious conditions.

Income across post-consumer textile activities in Ghana is highly variable, particularly for retailers, who often rely on this trade as their primary source of income to support households and dependents. Retailers are strongly impacted by macroeconomic trends, especially the persistent depreciation of the Ghanaian *cedi*, which has increased the costs of imported goods.¹⁴⁵ Many second-hand clothing retailers find themselves embedded in debt and dependency dynamics, further exacerbated by worsening market conditions.¹⁴⁶ Rising import costs, due to currency depreciation, are not fully passed on to consumers, leading to reduced profits for retailers as they struggle to absorb these costs without shrinking demand.¹⁴⁷

A GUCDA study reports that second-hand clothing retailers earn between GH¢500 and

¹⁴⁴ European Coalition for Corporate Justice (ECCJ). (2024, March 15). REACTION CSDDD endorsement brings us 0.05% closer to corporate justice. *ECCJ*. Retrieved from: [ECCJ website](#)

¹⁴⁵ Anyidoho, N.A., & Steel, W.F. (2016). *Perceptions of costs and benefits of informal-formal linkages: Market and street vendors in Accra, Ghana*. *WIEGO*. Retrieved from: [WIEGO website](#)

¹⁴⁶ Circle Economy & Rijkswaterstaat. (2024). *Destinations of Dutch used textiles*. Retrieved from: [Government of the Netherlands website](#)

¹⁴⁷ Anyidoho, N.A., & Steel, W.F. (2016). *Perceptions of costs and benefits of informal-formal linkages: Market and street vendors in Accra, Ghana*. *WIEGO*. Retrieved from: [WIEGO website](#)

GHC1,000 per month (approximately US\$30–60).¹⁴⁸ Even the upper end of this range—US\$60 per month or US\$2.77 per day—is only just above the global extreme poverty line of \$2.15 per day,¹⁴⁹ with the lower range well below this. The living wage in Ghana is US\$252 per month (or GHC3,609).¹⁵⁰ The GUCDA study problematically presents this as a higher-than-average salary, and there is no evidence of this.

Health risks associated with the used textiles trade are poorly understood but wide-ranging. Both retailers and sorters face numerous health impacts exacerbated by poor working conditions and environmental hazards. The open burning of textiles, particularly around Kantamanto Market, releases harmful toxins and particulate matter into the air, disproportionately affecting market workers and local residents. A 2024 pre-print study highlighted that the air and water environments in and around Kantamanto contain significant quantities of particulate matter and textile microfibres, most of which are plastic due to the increasing prevalence of synthetic fibres in clothing. In particular, waste workers' prolonged **occupational exposure to particulate matter has been identified as a major contributing factor to respiratory disease and reduced lung function**^{151 152}—but because other waste types are burnt in similar ways and locations, it's difficult to isolate the impacts of burning textile waste.

Beyond the health risks posed by air pollution, unsanctioned landfills and overflowing dumpsites present additional threats. For example, in 2019, the Kpone landfill, which received around 20% of Kantamanto's second-hand clothing waste, caught fire and burned for months, releasing unknown quantities of toxins into the environment.¹⁵³ What's more, when textile waste is left to decompose in landfills, it produces harmful leachates and greenhouse gases, such as methane¹⁵⁴—a particular problem in open-air dumpsites. Residents and workers in close proximity to these sites also tend to come from already marginalised groups (including women and low-income groups). Once again, environmental injustices disproportionately impact these groups and thereby serve to exacerbate pre-existing social inequalities.

Heady carrying, a practice carried out by female workers known as *kayayei* who transport heavy bales of textiles across the market, also poses a number of health risks. Although little formal research has been carried out on this group, it is estimated that around 160,000

¹⁴⁸ Engelhardt, C., Berste, E., Kolsch, F. (2024). *Assessment study: Used textiles at Kantamanto market*. GIZ. Retrieved from: [GIZ website](#)

¹⁴⁹ The World Bank. (n.d.). Poverty. Retrieved from: The World Bank website.

¹⁵⁰ Global Living Wage Coalition. (2024). Living Wage for Lower Volta Region, Ghana Peri-Urban Ghana. Benchmark study. Retrieved from: Global Living Wage Coalition website.

¹⁵¹ Amoabeng Nti A.A., Arko-Mensah J., Botwe P.K., Dwomoh D., Kwarteng L., Takyi S.A., Acquah A.A., Tettey P., Basu N., Batterman S., et al. (2020). Effect of particulate matter exposure on respiratory health of e-waste workers at Agbogbloshie, Accra, Ghana. *International Journal of Environmental Research and Public Health*, 17(9), 3042. doi:10.3390/ijerph17093042

¹⁵² The Or Foundation. (2024). Summary of the July 11th and 12th stakeholder meeting. Internal project document.

¹⁵³ The Or Foundation. (2022). *Waste makes visible our separation from nature: A waste landscape report*. Retrieved from: The [Or Foundation website](#)

¹⁵⁴ DeVoy, J. E., Congiusta, E., Lundberg, D. J., Findeisen, S., & Bhattacharya, S. (2021). Post-consumer textile waste and disposal: Differences by socioeconomic, demographic, and retail factors. *Waste Management*, 136, 303–309. doi:10.1016/j.wasman.2021.10.009

women work as *kayayei* in Ghana¹⁵⁵ (with around 20,000 in Accra). This work is poorly compensated, with women earning between 30 cents and US\$1 per trip.¹⁵⁶ These women are at high risk of spinal deterioration, yet little is done to provide health compensation or support for this group.

Plastic and microplastic pollution is another growing concern. While the EU's *Waste Shipment Regulation* bans plastic waste exports to non-OECD countries, this does not apply to the microplastics embedded within synthetic textiles. Microplastic fibres, which are linked to a range of health issues including birth defects, miscarriage, cancer, the early onset of menopause and puberty, and neurological disorders, continue to pose significant risks.¹⁵⁷ Zero Waste Europe, along with other civil society groups, is advocating for used textiles with high plastic content to be classified as hazardous waste.¹⁵⁸ Some EU governments, including Sweden, France, and Denmark, have called on the European Commission to subject textile waste to stricter controls—such as those applying to plastics and e-waste—under the Basel Convention, but no decisions have yet been made.¹⁵⁹

High levels of informal employment co-exist with extremely poor representation for workers. While Ghana's Trades Union Congress has been a leader in accepting informal workers as members—including market vendors—it remains far less active in advocating for this group, with most advocacy carried out at the national (rather than local) level.¹⁶⁰ Market workers face significant challenges in organising themselves, which leaves them vulnerable to changes in the value chain and limits their bargaining power. Where unions do exist, broader structural challenges remain with the balance of power skewing towards men and further invisibilising the specific concerns of women and other marginalised groups. The Or Foundation notes that Kantamanto Market alone has 27 different market associations, fragmenting their ability to collectively advocate for improved conditions. Organisations like The Or Foundation and the Revival Project are also stepping in to voice concerns on behalf of the trade. Although these groups are not unions and do not fully represent the traders themselves, The Or Foundation is also currently engaged in formalising more grassroots structures, for example, supporting the development of the Kantamanto market cooperative through the Ghana Cooperative Council. Worker-led initiatives of this nature remain the key area for further investment to be catalysed through policy shifts.

In contrast, importers and recyclers are far better organised, both locally and internationally. The GUCDA, for example, has a strong platform to advocate for their interests, often in coalition with European sorters and recyclers. This disparity in representation between workers at different

¹⁵⁵ Streifl, C. (n.d.) Accra's Kayayei. Center for Strategic and International Studies. Retrieved from: CSIS website

¹⁵⁶ Ricketts, L. (2022, March 20). Carrying capacity. *Atmos*. Retrieved from: [Atmos website](#)

¹⁵⁷ Liboiron, M. (2015). Redefining pollution and action: The matter of plastics. *Journal of Material Culture*, 21(1). doi:10.1177/1359183515622966

¹⁵⁸ Zero Waste Europe. (2024). *A zero waste vision for textiles, Chapter 2: Circular and toxic-free material flows*. Retrieved from: [Zero Waste Europe website](#)

¹⁵⁹ Heunicke, M., Pourmokhtari, R., & Bechu, C. (2024). *Denmark, Sweden and France call for new global rules on exporting textile waste to developing countries*. Retrieved from: [Danish Government website](#)

¹⁶⁰ Anyidoho, N.A., & Steel, W.F. (2016). *Perceptions of costs and benefits of informal-formal linkages: Market and street vendors in Accra, Ghana*. WIEGO. Retrieved from: [WIEGO website](#)

levels of the second-hand clothing value chain in Ghana highlights the urgent need for better support and organisation for those who are structurally marginalised, particularly market and waste workers, to ensure their voices are heard and their livelihoods protected in the face of evolving market conditions. International visibility for these perspectives is particularly challenging given the significant resources and effort required to secure passports and visas. The importance of in-person gatherings for meaningful representation may be underestimated by the Global North actors organising stakeholder dialogues; it is critical to move from more tokenistic forms of representation to new participatory structures that may allow all workers' perspectives to be represented.

Conclusions and recommendations

Current EU Impact Assessments have incorporated a specific analysis on impacts for partner trading countries, but these need to be broadened significantly. Upcoming Impact Assessments—for example those that will accompany each Delegated Act under the ESPR—can benefit from these recommendations.

Impact categories, while necessarily broad, are foundational for analysing the effects of policies post-implementation. Given the diverse contexts and value chains involved, these assessments must be preemptive, uniting different economic realities across the global textile industry. Alongside **sectoral engagement** (such as that proposed through the Ecodesign Forum), it is crucial to incorporate more **extensive consultations with representative groups in trading partner countries, with an explicit focus on structurally marginalised groups**. These consultations would help identify the specific support measures that need to be prioritised during policy implementation, ensuring that partner countries do not face disproportionate disadvantages. Ideally, initial consultative processes would feed into developing more accountable decision-making processes to move beyond inclusion to more meaningfully representative decision-making collaborations.

Conclusions for strengthening EU Impact Assessment studies and inclusive consultations in EU policies

All the impact areas evaluated in this study should inform future EU policies, particularly those impacting the garment sector, both upstream and downstream. This includes economic and social indicators, with extensive consultations conducted to address the potential knowledge and power gaps and challenges across trade partners. The conclusions stemming from this analysis and the five main indicator groups are the following:

Competitiveness and transition costs

There remain significant unknowns regarding the impact of EU policies on the competitiveness of textile actors in partner countries. For example, under the ESPR, manufacturers and firms with existing sustainability frameworks may find a competitive edge. As a significant piece of environmental legislation, it is also important to consider whether such a policy could potentially restrict market access for a country like Bangladesh, which has historically produced low-cost textiles dependent on virgin materials. However, the CSDDD could prompt some brands to exit

markets with low compliance frameworks in place if they are unable to meet new requirements in a timely manner.

The study highlights the potential for downstream trade partners, such as Ghana, to become competitive textile producers in their own right. Although the focus was initially on Ghana's role in the second-hand textiles trade, Europe also presents opportunities as an export market for Ghanaian products, particularly those made from recycled or upcycled materials. For this to succeed, however, trade agreements would need to recognise these circular, upcycled products as Ghanaian-produced. Simultaneously, this designation would require upcyclers to meet ESPR requirements if exporting to the EU; an unrealistic burden in the context of upcycled products where material origins are impossible to trace. Defining appropriate exemptions to enable circular trade remains a policy gap here.

Transition costs, particularly related to transparency and traceability requirements under new EU policies (such as the Digital Product Passport), pose a major challenge. Currently, there are no safeguards to prevent these costs from affecting workers directly, meaning wage increases are unlikely, and some employees may face layoffs. The specific transition costs will depend on upcoming legislative acts, but the need for safeguards to protect workers is clear. There are also more fundamental questions emerging about how competition and markets will need to fundamentally transform in response to the growing urgency of environmental crises. Competition is still understood in primarily linear terms, and redefining truly circular trade relationships will be a crucial issue to address in the coming years.

Labour market and sectoral transformation

The shift to a circular economy is expected to lead to significant job creation and losses, with a lack of clarity on the geographical distribution of these impacts or how they will affect various social groups differently. Job losses in raw material extraction may not be offset by job creation in areas like recycled fibre production, leaving gaps in employment opportunities. Notably, the majority of these workers are part of the informal sector, making them even less likely to benefit from government interventions, with further risk for women and other marginalised populations. This is particularly important in light of the fact that women are overrepresented in low value-added and informal circular economy activities (such as waste management) and underrepresented in higher value-added activities (such as eco-design and product development).¹⁶¹

These intersecting issues further highlight critical questions concerning EU responsibility. Currently, EU circular policy frameworks lack 'fundamental reflections about who wins and loses' in sustainability transitions.¹⁶² The EU's high consumption and historical control of trade regimes have driven both high-volume ready-made garment export economies and second-hand import

¹⁶¹ Albaladejo, M., V. Arribas, and P. Mirazo. (2022). Why Adopting a Gender-Inclusive Approach towards Circular Economy Matters. UNIDO. Retrieved from: UNIDO website.

¹⁶² Pansera, M., Barca, S., Martinez Alvarez, B., Leonardi, E., D'Alisa, G., Meira, T., & Guillibert, P. (2024). Toward a just circular economy: Conceptualizing environmental labor and gender justice in circularity studies. *Sustainability: Science, Practice and Policy*. 20(1). doi: 10.1080/15487733.2024.2338592.

economies in partner countries. The EU must confront this historical responsibility and explore how it can support a transition that mitigates the global inequalities it has contributed to.

Work reallocation and skills development

Both Bangladesh and Ghana face a persistent lack of clear transition pathways for workers. The workforce in textile and textile-related sectors is largely informal and lacks recognised qualifications despite often possessing transferable skills. In Ghana, for instance, there is significant underrecognition of the skill sets of traders and informal workers in the Kantamanto market. In Bangladesh, workers often receive little to no training before starting their jobs. Women, in particular, face additional barriers to accessing training and skills development. The implementation of these policies will have a substantial impact on labour, yet a concerning issue remains: there are no clear transition plans for these workers. This reflects the ongoing reality that workers in textiles value chains in EU trading partner countries are often structurally marginalised: there is wider context of inequality and historical exclusion, with limited access to education, opportunities for capabilities development, or pathways to equitable economic participation in a wide range of sectors.

The informal economy and circularity

Many workers in textile value chains, especially in high-production and high post-consumer export countries such as Bangladesh and Ghana, operate in informal economies. This research reinforces the insight that the intersection of informality and the circular economy is complex, deeply rooted over long time periods and often underestimated by EU policymakers. For instance, informal workers in Bangladesh, such as those involved in recycling 'jhut' (textile waste), are significant contributors to current levels of circularity and should be accounted for in any support measures. Similarly, in Ghana, second-hand clothing market vendors and waste workers—who are predominantly informal—are a source of knowledge and innovation and must be considered in policy implementation. Place-based knowledge of the social realities of these groups persists as a clear gap.

Enhancing decent work and social equity

While the CSDDD holds significant potential for improving transparency and equity in the value chain, its scope does not extend downstream, leaving textile workers in reuse and recycling sectors vulnerable. There is a crucial need to clarify how both the CSDDD and broader circular textile policies can achieve their stated goals of improving working conditions and fostering social dialogue.

Roundtable dialogues reflected both the potential and the challenges associated with EPR policy. The need for a fee transfer mechanism that ensures that the money paid by producers travels with textile products across borders and thereby contributes to real waste management costs at product end-of-life was repeatedly emphasised. At the same time, this mechanism cannot equate to the subsidisation of waste export.

There is an ongoing need to look further at entrenched inequalities and power asymmetries, both in textile value chains and trade policy. More dialogue with Global South stakeholders and legislative coherence will be crucial.

However, it should also be noted that loading up Trade Agreements with additional elements will likely make an already slow process even more difficult to conclude and will potentially have limited impact as the majority of trade happens through the World Trade Organisation anyway.

Inclusive decision making

Several of these conclusions underscore the need for EU policy dialogues to include a broader range of stakeholders from partner countries, as detailed in the next section. This includes non-governmental actors who can represent workers' interests. Learnings (strengths and gaps) from prior work in other policy areas and sectors such as the sustainable cocoa initiative and EU deforestation policies should be consulted in this process. It is essential to recognise that governmental perspectives do not always reflect the perspectives of workers, especially those from marginalised groups. While more inclusive processes can pose challenges due to traditional organisational structures, it is crucial to work actively towards understanding affected group's challenges, including the distinctive experiences of individuals within these groups experiencing multiple axes of marginalisation. Building networks of trusted, non-governmental stakeholders will be vital for ensuring a more inclusive and just transition. There is a risk that over-reliance on a few entities claiming to represent entire sectors or countries could skew the outcomes of these dialogues. Therefore, it is crucial to develop mechanisms for meaningful inclusion beyond mere consultation. Socially marginalised groups should not simply be at the receiving end of interventions but should have a central role in defining the issues they face.¹⁶³ This approach involves building more robust systems of accountability, with preliminary measures such as transparent reporting, for example. Moving beyond current EU circular textile policies—where there are very few participatory mechanisms—¹⁶⁴ can foster different types of participation tailored to various groups, such as rights, inclusion (versus collaboration), sovereignty, and leadership.

Additionally, it is important to acknowledge potential conflicts of interest within these dialogues. Prioritising this kind of meaningful inclusion of workers is particularly challenging in Ghana and Bangladesh, where there are significant barriers to worker representation and organisation. Meanwhile, the viewpoints of brands and producers should carry less weight in these discussions: political decision-making needs to better prioritise social and environmental impacts over profit-driven goals set by brands. The responsibility for human rights violations along the supply chain must be taken more seriously, with the CSDDD showing promising potential to help address this issue if required mechanisms can be effectively developed to ensure workers outside the EU (in production countries like Bangladesh) have access to grievances.

¹⁶³ Pansera, M., Barca, S., Martinez Alvarez, B., Leonardi, E., D'Alisa, G., Meira, T., & Guillibert, P. (2024). Toward a just circular economy: Conceptualizing environmental labor and gender justice in circularity studies. *Sustainability: Science, Practice and Policy*. 20(1). Doi: 1080/15487733.2024.2338592

¹⁶⁴ Suarez-Visbal, L.J. et al. (2024). Weaving a Transformative Circular Textile Policy Through a Socio-Environmental Justice Lens. In: Galende Sánchez, E., Sorman, A.H., Cabello, V., Heidenreich, S., Klöckner, C.A. (eds) *Strengthening European Climate Policy*. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-031-72055-0_3

Key stakeholders to engage in european circular textile policy dialogues

Bangladesh

- **Workers:** Garment workers, informal recycling networks, trade unions.
- **Structurally marginalised workers:** Those outside major production hubs, including tier two and three factory workers and waste pickers.
- **Brands, producers, factory owners:** Responsible for aligning their practices with sustainability requirements.
- **Policymakers:** Involved at the EU, Bangladesh, and Ghana levels in shaping policies related to economic development, labour, and environmental protection.
- **Academia and Civil Society Organisations:** engaged in research and advocacy on dynamics within the textiles value chain.

Ghana

- **Workers and structurally marginalised workers:** Second-hand market traders, waste pickers, unions and representative bodies of workers involved in the second-hand clothing trade.
- **Brands, producers, importers:** Responsible for aligning their practices with sustainability requirements.
- **Policymakers:** Involved at the EU, Bangladesh, and Ghana levels in shaping policies related to economic development, labour, and environmental protection.
- **Academia and Civil Society Organisations:** engaged in research and advocacy on dynamics within the textiles value chain.

Final recommendations for European policymakers

- 1. Develop inclusive, participatory processes, broadening stakeholder engagement during the drafting of circular textile policies and Impact Assessments to ensure that economic, social, and environmental risks are better understood.** Alongside sectoral engagement, this should include more strategic involvement of worker representative groups in trade partner countries. The perspectives of groups most marginalised and adversely affected by value chain risks must be deeply considered to inform the EU's policy strategies aimed at mitigating these risks. Engaging with marginalised groups will also necessitate policymakers taking accountability for known challenges regarding how such groups and individuals can participate meaningfully: facilitating effective engagement can be supported by collaborating with epistemic justice experts. Within the Impact Assessment Steering Groups, ensure representatives from DG Trade and DG Intpa are represented to ensure a better understanding of the international context and potential impacts on partner trading countries.
- 2. Integrate specific indicators to measure impact on partner trading countries in European Impact Assessments,** at the very least on the effects on employment (formal and informal), administrative costs for businesses, and competitiveness. These indicators are a starting point: in the future, consultations with relevant affected parties in partner countries should mould impact categories of legislation. The EU has numerous trading partners, making it challenging to monitor the impacts of European legislation in every country with which it trades. It is more practical to focus on selected countries where data is reliable or cooperation ties are strong. These can then serve as case studies to assess the broader impacts. These impact categories considered could also be aligned with other reporting frameworks, such as the CSDDD, CSRD, and the UN Guiding Principles. In addition, these indicators could be used to review current Trade Agreements and EU trade policy with the aim of recognising workers' rights.

Moreover, this research and roundtable dialogues suggest that the convention of single-policy impact assessments should be revised. Current Impact Assessments fall short when it comes to understanding the combined impact of multiple policies. Similarly, there is a need for a better understanding amongst the policymaking community of the cumulative impact of EU policy and legislation across multiple sectors. Developing methodologies and frameworks for this should be a future focus for the JRC.

- 3. Explore, develop, and reinforce synergies between the Corporate Sustainability Due Diligence Directive (CSDDD) and other Textile Strategy related policies.** Without this, the intended social ambitions of these policies are at risk of not being met. Shifting the narrative is essential to move beyond the assumption that environmental benefits inherently lead to social benefits. A more nuanced approach is needed, one that emphasises distinct perspectives on issues such as gender and labour.

4. **Promote awareness of textile supply chain due diligence and best practices for compliance mechanisms in close collaboration with civil society organisations.** This should focus on issues such as grievance procedures, access to remedies, and different forms of unionisation (such as the cooperative model). Tracking claims made against companies in the context of human rights breaches and the CSDDD will be very important.
5. **Reinforce European brand responsibility in partner trading countries** by ensuring that companies cannot simply 'exit' from their obligations when challenges arise in those markets.
6. **Explore additional financial tools to establish remediation and resilience finance measures.** Brands and retailers could contribute directly to adaptation investments at national or industry levels, ensuring support for social protection and social transitions.
7. **Provide technical support and funding to trading partners to improve education frameworks, valorise skills in the informal sector, upskill education institutions and increase access to upskilling.** Support research organisations working with national statistical bureaus and organisations working with the informal sector to create more accurate estimates of the distribution of employment in the informal sector for use in impact assessments and scenario modelling of the impact of policies.
8. **Provide targeted support to businesses,** including financial assistance, to help manage the additional costs associated with the transition, such as training on compliance. Small and medium-sized enterprises (SMEs) should receive particular attention due to their relative vulnerability (see point 9 below). Consider facilitating the equitable exchange of green technologies. In the case of Ghana, explore the potential for upcycled products to be sold in the EU market as Ghanaian products and the relevant exemptions or additional supportive policy measures required to enable this new circular market.
9. **Address additional risks for SMEs,** recognising that they are especially sensitive to increased costs and that the burden of compliance often shifts from large companies to their SME suppliers. Firms may avoid doing business with SMEs in countries that face governance challenges or have weak human rights enforcement records. The scope of micro-grants as a financial mechanism to support SMEs should be explored.
10. **Ensure clarity throughout implementation for both suppliers and workers' representatives.** Mechanisms must be put in place to guarantee all actors have a clear understanding of the opportunities and requirements, with resources like helpdesk systems, portals, and platforms facilitating this process.

Main limitations of the research and future research recommendations

This study has identified potential impacts of EU circular textiles policies beyond Europe, with both an upstream and downstream value chain focus through the exploration of Bangladesh and Ghana. It identifies some challenges associated with trying to understand the extra-EU impacts of regional policies, as well as considering multiple remaining blind spots. Through this analysis, this study positions itself as a **starting point for continued research on the issues explored**. Its conclusions aim to serve as points of entry for an emerging field of research that may include a broad range of stakeholders, from policymakers to academics and civil society organisations.

Limitations on current research and policy assessment

The research on the impacts of EU policies on EU partner trading countries faces significant limitations, primarily due to the **evolving nature of these policies**. Many of the policies are either still under development or have only recently been implemented, making it difficult to assess their full effects. **As a result, any impacts discussed in the research are largely based on projections rather than concrete evidence**. This creates a significant gap in understanding how these policies will ultimately influence various aspects of the textile industry on trade dynamics and employment.

A further limitation is the **lack of robust impact assessments that directly link EU policies to a fuller range of their socio-economic effects on the textile sector**, especially in developing countries. Employment impacts in Impact Assessments are generally discussed in terms of types of jobs, not in terms of geographical dispersion. Where partner trading countries are mentioned, they are not named—a ‘broad strokes’ approach to impact identification—meaning EU policy is not taking into account context-specific features of partner countries. There remains inconsistency between the ambition for a just, global transition and the policy process and focus.

The absence of comprehensive data and evidence means that the potential consequences of these policies remain speculative. **Current assessments often fail to capture the nuanced ways in which EU regulations might influence the textile supply chain**, particularly when considering the complexities of international trade and the diverse stakeholders involved. This gap in evidence makes it challenging to predict the real-world outcomes of these policies with certainty. While impact assessments of European legislation acknowledge a high degree of uncertainty, they often assume that **environmental legislation will automatically generate social benefits—a claim that remains unproven**. Greater clarity is needed regarding the social impacts, both positive and negative, of circular economy initiatives and other environmental policies.

Challenges in balancing social, environmental, and economic objectives

Indeed, **social concerns are often overlooked in environmental policies despite the deep interconnection between social and environmental impacts.** Greater alignment is needed to address these overlaps effectively. This dilemma is exemplified by the case of the European Sustainability Reporting Package (ESPR): 'Whether information requirements would go beyond "environmental" information provision to also include "social and due diligence" aspects was a contentious discussion on the file, and ultimately has not been maintained in the provisional agreement'.

Another related risk is the difficulty in anticipating, preventing, or mitigating trade-offs between environmental, social, and economic objectives, which are not always synergistic. Without careful consideration, there is a risk of reproducing or exacerbating inequality, exploitation, and environmental degradation in global value chains.

Methodological limitations and data gaps

Finally, another key limitation to this research is that it predominantly relies on qualitative methods, including desk reviews, interviews, and interactions with local partners. The political situation in Bangladesh which reached its peak in August 2024 further complicated the outreach to local entities and representative groups. While these methods provide valuable insights, they do not offer a complete picture of the situation on the ground.

The qualitative nature of the research, combined with a reliance on secondary sources, limits the ability to gather first-hand evidence, particularly from key stakeholders such as worker groups and informal actors. This is particularly problematic given the prominence of informal actors in the textile supply chain, who often operate outside the reach of formal organisations and representative groups that were accessible during the research. The research may not fully capture the diverse impacts of EU policies on all affected groups, particularly those most vulnerable and hardest to reach. **This limitation highlights the need for more comprehensive and inclusive approaches to data collection and impact assessment in future studies.**

The importance of inclusive policy processes

Inclusive policy processes are crucial for ensuring that the development and implementation of EU ecodesign legislation are equitable and consider the diverse needs and circumstances of trading partner countries. The EU's impact assessment for the Textile Strategy (part two of four) emphasises the intention to fully inform trading partners during the development of ecodesign legislation. However, while transparency is a positive step, it is not enough. Given the wide range of potential impacts identified, a more collaborative approach at the earlier stages of policy

development is essential to ensure a fair distribution of burdens across all stakeholders. This approach should take into account the structural and historical dynamics that influence trade relationships and the capacity of different countries to adapt to new regulations.

To address these challenges, there is a need to develop more inclusive policy-making processes that involve partner trading countries in a meaningful way, and this is indeed the focus of our previous section, 'Inclusive Decision Making'. This involves not just informing but actively engaging these countries in the dialogue and decision-making processes. The European Centre for Development Policy Management (ECDPM) notes that the EU can leverage trade policy measures and instruments that support private sector development to promote a just global transition to a circular economy. Additionally, efforts should be made to harmonise circular economy standards in a way that includes stakeholders from low- and middle-income countries (LMICs). By adopting a more inclusive approach, the EU can help facilitate a fair and effective global transition to sustainable practices that reflect the needs and capacities of all trading partners.

Future research directions and key knowledge gaps

A further challenge encountered throughout the research process—a result of the expansive scope of the study—was the negotiation between (1) a focus on developing an understanding of existing socio-economic impacts of the textiles industry in both contexts and (2) a focus on the relationship (nature and extent) between these impacts and EU policies. This was a significant challenge as impacts are being (re)produced through an expansive range of contextual factors (and other governance environments), and EU policy is just one of many factors shaping multifaceted impacts.

Future research could attend to this dual analytical task more comprehensively, negotiating the focus between:

1. Close analysis of socio-economic impacts in context (empirical task)
2. More theoretical analysis that develops an understanding of the way EU policy shapes trade and influences dynamics in non-EU contexts

The study revealed a major gap in research on circular and sustainable textile sector transitions that focus on disaggregated perspectives—particularly those addressing gender and labour issues, with a clear focus on axes of exclusion. Gathering data from these intersectional viewpoints, both primary and secondary, was a core challenge of this research and likely remains a key challenge for building EU policy with impacts on trade partner countries in mind. Without including these intersectional perspectives in policy dialogues, there is a high risk that the EU circular textile policy agenda will develop in a power-blind way, risking adverse socio-economic outcomes.

Lenses of marginalisation and intersectionality

There is a pressing need for a deeper and more detailed understanding of different risk-groups in textile value-chains (including and beyond gender) and how they are affected by the transition to a circular economy. While the structural marginalisation of these groups complicates the process of reliable data on their perspectives and experiences, this challenge needs to be taken on through the adoption of an intersectional outlook, and the development of novel and participatory approaches.

Social impacts of circular interventions

While policies and impact assessments frequently claim that positive social impacts co-emerge with the circular economy, far more evidence is needed to substantiate this often-assumed relationship. Research here could take the direction of social life cycle assessment methodologies and build on existing work seeking to foreground vulnerable workers' experiences in textile value chains.

Guiding research questions for future work¹⁶⁵

- How can EU policies more explicitly address structural inequalities in textile value chains?
- How might EU policy approaches to CE – and sustainability transitions more broadly – be designed in ways that centre workers’ subjectivity, agency, and wellbeing?
- What methodologies can be employed to better capture disaggregated perspectives with attention to axes of exclusion, and how can EU policymakers, in turn, ensure that research considering these critical dimensions is not overlooked in decision-making?
- What types of policy mechanisms can EU policymakers develop to more meaningfully involve actors from across globally disparate textile value chains in CE decision-making? How can more synergistic trade relationships be developed in line with these processes?

¹⁶⁵ Pansera, M., Barca, S., Martinez Alvarez, B., Leonardi, E., D’Alisa, G., Meira, T., & Guillibert, P. (2024). Toward a just circular economy: Conceptualizing environmental labor and gender justice in circularity studies. *Sustainability: Science, Practice and Policy*. 20(1). [Doi: 1080/15487733.2024.2338592](https://doi.org/10.80/15487733.2024.2338592)

Annex I: Interviews

Interviews were conducted with key stakeholders as part of the research for the report. The interviewed organisations are listed below.

For Bangladesh

- Bangladesh Garments Manufacturers and Exporters Associations (BGMEA)
- Bangladesh Center for Workers Solidarity
- Labour at Informal Economy (LIE) Bangladesh
- Circular Apparel Innovation Factory (CAIF)
- FairWear Foundation

For Ghana

- The Or Foundation
- Accra Metropolitan Assembly
- CSIR- Science & Technology Policy Research Institute
- MCAK Mitumba Consortium Association of Kenya
- Ghana Used Clothing Dealers Association

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