

## Study Tour Report – EU Green Deal and related Legislation, Directives, and Strategies

### I. Overview

Item	Description
Title	Study Tour Report – EU Green Deal and related Legislation, Directives, and Strategies
Date(s)	October 15-21, 2023
Location	Bonn, Germany and Brussels, Belgium
Objective	To build an understanding on the EU Green Deal, its various legislations, directives, related strategies leading towards the identification of priority areas for policy development and support interventions for the textile industry of Pakistan with the Ministry of Commerce taking the lead in the process along with private sector representatives.

#### Pretext

TextILES, GIZ supports the adoption of sustainable business practices in the textile and fashion industry of Pakistan. It supports the Ministry of Commerce in addressing key industry requirements and developing approaches for public and private sector stakeholders for the adoption of international labour and environmental standards.

The second phase of the project 'TextILES II' would be starting in January 2024. The focus would be on the EU Green Deal and relevant EU legislation and trade requirements that will have implications for the textile and fashion industry of Pakistan going forward. It would also focus on promoting circular business practices and circularity principles in Pakistan's textile and fashion industry.

With this understanding, a study tour was conducted with representatives from the Ministry of Commerce, private sector, and academia. The aim of the study tour was to build an understanding on the EU Green Deal, its various legislations, directives, related strategies leading towards the identification of priority areas for policy development and support interventions for the textile industry of Pakistan with the Ministry of Commerce taking the lead in the process. The study trip was focused on the following key EU Green Deal legislations.

1. EU Strategy on Sustainable and Circular Textiles
  - EU eco-design for Sustainability Products Regulation
  - EU microplastics Regulation
  - EU textile regulation
2. EU Corporate Sustainability Due Diligence Directive (CS3D)
3. Carbon Border Adjustment Mechanism (CBAM)
  - Understanding the EU Emissions Trading System and the Carbon Pricing Model

Additionally, it also included a session on a GIZ initiative – Responsible Business Hubs.

## II. Agenda

Date	Sessions	Location
15 <sup>th</sup> October 2023	Travel from Islamabad, Pakistan to Bonn, Germany	
16 <sup>th</sup> October 2023	Capacity Development Session: EU Strategy on Sustainable and Circular Textiles	GIZ Office, Bonn, Germany
17 <sup>th</sup> October 2023	Capacity Development Session: EU Corporate Sustainability Due Diligence Directive	
18 <sup>th</sup> October 2023	Capacity Development Session: Responsible Business Hubs	
19 <sup>th</sup> October 2023	Capacity Development Session: CBAM in the context of the Green Deal and international trade	KREAB Office, Brussels, Belgium
	Meeting with EU commission's Directorate General Environment (ENV) representatives	EU Commission Office, Brussels, Belgium
20 <sup>th</sup> October 2023	Debriefing Session and Action Plan Development	Hotel Board Room, Brussels, Belgium
21 <sup>st</sup> October 2023	Travel from Brussels, Belgium to Islamabad, Pakistan	

## III. List of Participants

Sr.	Name	Designation	Organisation
<b>Participants</b>			
1.	Dr. Muhammad Irfan	Director General, Trade Policy Wing	Federal Ministry of Commerce
2.	Mr. Atif Aziz	Joint Secretary, FT-III	Federal Ministry of Commerce
3.	Mr. Mudassar Raza Siddiqui	Director General, Textile Wing	Federal Ministry of Commerce
4.	Mr. Salman Ahmad Choudry	Deputy Secretary, Exim Wing	Federal Ministry of Commerce
5.	Mr. Fawad Hassan	Director to Secretary Commerce	Federal Ministry of Commerce
6.	Mr. Muhammad Suleman Mahsud	Section Officer	Federal Ministry of Commerce
7.	Mr. Ahmad Ali	Research Officer	Trade Development Authority Pakistan
8.	Mr. Muhammad Muzzammil Hussain	Secretary General	Towel Manufacturers Association
9.	Mr. Azizullah Goheer	Secretary General	Pakistan Textile Exporters Association
10.	Mr. Muhammad Aasim Syed	Chairman	All Pakistan Bedsheets and Upholstery Manufacturers Association
11.	Mr. Shoaib Sultan	Chairman	Marble, Granite, and Mineral's Council

12.	Mr. Khadim Rasool	Secretary General	Pakistan Hosiery Manufacturers Association
13.	Dr. Tanveer Hussain	Rector	National Textile University, Faisalabad
14.	Ms. Noreen Akhtar	Research Associate	All Pakistan Textile Manufacturers Association
15.	Mr. Imran Salahudin	Managing Director	Faaz International
16.	Mr. Al Assad, Muhammad Ammar Faisal	Managing Director	South Asian Sourcing Pvt. Ltd.
<b>Organisers</b>			
1.	Ms. Yulia Bazhenova	Project Manager	GIZ Pakistan
2.	Mr. Noor Khan	Component Manager	GIZ Pakistan
3.	Mr. Abdul Rauf Anjum	Technical Advisor Governance	GIZ Pakistan
4.	Mr. Hassan Hameed	Technical Advisor Policy Reform	GIZ Pakistan

## IV. Summary of Proceedings

### EU Strategy on Sustainable and Circular Textiles

The EU Strategy on Sustainable and Circular Textiles session focused on its key features such as the EU eco-design for Sustainability Products Regulation, Digital Product Passport along with increased traceability requirements, Microplastics from Textiles, and waste shipment regulation pertaining to restrictions on EU waste being exported.

The strategy pursues circularity principles to be implemented within the EU textile industry supply chains. These include focus on recyclability, reusability, longevity of textile products.

The session also included case studies being shared with regards to product design on circular economy principles as well as a case study on tackling traceability requirements.

### EU Corporate Sustainability Due Diligence Directive (CS3D)

The EU CS3D attempts to ensure due diligence regarding human, labour, and environmental rights in EU supply chains.

The session on the EU Due Diligence Directive conveyed the concept of due diligence, what it refers to, why it is important, along with developing an understanding of the underlying concept of human rights and environmental due diligence.

It discussed the various legislative processes within the EU including the German Supply Chain Due Diligence Act and the EU Corporate Sustainability Due Diligence Directive.

### EU Carbon Border Adjustment Mechanism

The EU CBAM's primary aim is to address carbon leakage by ensuring that production outside of the EU is also subject to carbon pricing.

The discussion on the Carbon Border Adjustment Mechanism started with the discussion on the overall functioning of the EU, its various legislative processes, and its various types. It covered the key features of the EU Green Deal and how the CBAM fits into the overall objectives, its key features, and instruments.

It included the discussion on reporting requirements, the various actors, and the role each would play. The EU Emissions Trading System was covered along with an understanding of how Carbon Pricing is implemented in the EU.

**The overall sessions discussed each legislative timeline, transition periods, reporting and compliance requirements, the implementation process, and resultant implications for EU trading partner countries including Pakistan.**

As an outcome of the sessions, the following key priority areas were identified after the delegations' deliberations regarding the input received. It was noted that in some cases, initiatives were already underway.

- Promotion of Sustainable Value Chains, recycling, and circular business models in Pakistan's textile industry.
- Supporting Technology upgradation especially green technology especially for low carbon emission technologies.
- Carbon Pricing policy option available to Pakistan in the future.
- Supporting Public-Private efforts to market sustainable Pakistani products and processes in the International Market.
- Supporting stronger negotiation for shared responsibility between brands and manufacturers and inclusion of responsible contracting clauses.
- Supporting the development of domestic waste management systems.
- Supporting increased traceability, data gathering, reporting, and monitoring on sustainability indicators including water, chemical consumption and carbon emissions, and due diligence indicators (human, labour, and environmental rights).
- Supporting resource efficient production processes in the textile industry.
- Targeted support to SMEs with regards to the above.
- Promoting Risk Management processes for human, labour, and environmental rights in supply chains.
- Improving Pakistan's Country risk profiling against human, labour, and environmental rights specifically in addressing the requirements that are part of the EU Corporate Sustainability Due Diligence Directive.
- Promoting Occupational Health and Safety in the textile industry along with setting up Grievance Mechanisms at the firm and sectoral tiers.
- Supporting Just Transition in the Pakistani Textile Industry.
- Increased focus on collaboration between academia, private and public sector.
- Supporting SMEs for international sustainability certification and accreditation, lack of funds for compliance and acquiring certifications.
- Cotton Origin Testing and Isotope Testing Lab for supporting increased traceability. Recycled Polyester Traceability System.

- Development of Pilot Project and Case studies to provide SMEs with an understanding on how to improve upon various sustainability indicators, increased certification, and other aspects.
- Awareness Sessions to be conducted to communicate a consolidated understanding of upcoming EU trade requirements.
- Increased engagement with Pakistan's International Trade Missions, EU brands, EU country office for communicating information on Pakistan's progress to compliance.

## **V. Way Forward**

- An Assessment proposal would be drafted and shared with the Ministry of Commerce.
- For Due diligence assessment, task force led by Ministry of Commerce will further initiate the survey form to respective trade associations for assessment and identify potential topics to work in future.
- Textile Industry Sustainability Forum dialogue event would be taking place in November 2023, where further discussions around the topics would be held.
  - Task force would be constituted particularly for the Responsible Business Hub and will develop action plan for year 2024 and 2025 activities of Responsible Business Hub in Pakistan.
- Initial dissemination sessions would be conducted by trade associations on the topics covered during the study tour to apprise the industry of upcoming EU requirements.

**End of Document**