Recap of Round Table on: Scaling Circular Textiles Systems: Cambodia & Vietnam
21.05.24

Objective
Industry stakeholders were invited to explore the unique characteristics of the Cambodian and Vietnamese apparel and textile markets, assess recycling infrastructures, facilitate industry collaborations, and address barriers to implementing circular systems. The discussion aimed to generate actionable strategies and foster partnerships that support circular economy practices.

Background
GCFF & NCFP pilot-status results have yielded important insights on opportunities to scale circular textile systems in Cambodia and Vietnam.

- Cambodia is the world's 8th largest exporter of clothing and footwear. Moreover, the garment sector in Cambodia is the main source of government revenue and the largest sector for employment.
- The garment industry in Cambodia is mostly CMT focused, relying on textile imports - predominantly from China from which Cambodia procures 60% of its textiles.
- Cambodia's textile industry generates approximately 140,000 tonnes of textile waste each year, most of which is either disposed of in landfills or incinerated.
- Data obtained from the Ministry of Environment indicates that 60% of all industrial waste in landfill comes from the garment industry
- Currently there are 2 main recyclers operating in Cambodia for open-end yarn spinning, one additional international recycler is currently in the licensing phase.
- Recent report by LICADHO (Cambodian Human Rights NGO), addresses the critical situation of waste from the garment industry is commonly burnt to fuel brick kilns, exposing people to toxins and causing negative health and environmental impacts.
- LICADHO identified labels or branding from 19 international brands among garment waste at brick factories.
- This year a pilot project has started, initiated by GIZ and implemented by Closed Loop Fashion in partnership with Sevea and Reverse Resources, to tackle the issue of textile waste in Cambodia through better waste management practices (WIP4C) at 21 local garment manufacturers appointed by 10 international brands.

Reverse Resources Platform Cambodia Data baseline

- RR Platform used as part of the WIP4C project led by GIZ
- Multiple Brands involved in WIP4C
- 23 mapped manufacturing facilities (21 within WIP4C)
- 4 facilities registering waste inventory as part of WIP4C
- 1 local recycler involved

Reverse Resources Platform Vietnam Data Baseline

- 4 active Brands
- 49 mapped manufacturing facilities
- 3 active facilities, registering waste inventory
- 4 recyclers in the RR Network

Facilities' waste management practices:

- 28 are segregating waste by colour & composition
- 19 are sending waste to recycling
- 5 are internally incinerating waste for energy recovery

Round table discussion points

Understanding of the current infrastructure and limitations in Cambodia and Vietnam

- In Vietnam, the centralised supply chain makes it more cost-effective to establish a reverse logistics system due to its proximity. Moreover, there is a notable high level of education and knowledge in waste management within the country.
- Currently there are 2 main recyclers operating in Cambodia for open-end yarn spinning, one additional international recycler is currently in the licensing phase, but the goal is to make Cambodia a feedstock recycler.
- Few organisations have already mapped the aspirations and obstacles of textile recycling systems in Cambodia. One of the main limitations is the lack of recycling facilities. The second challenge is the regulations that limit the import of materials into China. Moreover, there are currently no incentives for training waste managers in sorting by color/composition. One of the aims of the assessment is to inform the legislations.

Strategies to improve circular systems and enhance collaboration

Feedstock, access to good quality waste

- Ensure improved waste mapping and implement segregation, with support from brands providing materials composition information.
- Start addressing the waste management issue by focusing on pre-consumer waste. While post-consumer waste may take a decade to fully resolve, this strategy should be the primary focus.
- Important to incentivise suppliers and solution providers (i.e. recyclers, sorters) in the country to retain value in the country.

Waste mapping, Traceability, Data requirement

- Enhance requirement from brands to their manufacturers about the preferred process of recycling (textile-to-textile) pre-consumer waste, to amplify the demand and raise the value for recycling textile waste.
- As there is a need from recyclers to access more data on waste availability for better planning and to establish a local group of recyclers and waste handlers to collectively address purchasing and risk-sharing, there's an opportunity to explore collaboration with Reverse Resources and Close Loop Fashion for data collection on waste mapping, and to establish a network of waste handlers and recyclers.
- Prioritise selecting or partnering with recyclers who utilise green energy and ensure traceability of the waste. To comply with European legislations on traceability, the ideal scenario would be full visibility for brands regarding the certified waste handler and the recyclers.
- Highlighted the importance of involving the informal sector as part of the transition. Leveraging key suppliers' existing relationships with local waste handlers in the supply chain rather than going directly to waste handlers. Preference to not disrupt the current process/ communication channels, but rather improve it.

Legislation, Government support

- Questioned how to influence local governments for legislations considering the ESPR legislation, implement policy measures to support efforts i.e. setting recycled content minimums, whether per fibre or aggregated, to encourage greater use of recycled materials. Moreover, how can governments be best supported to create more incentives for developing recycling facilities. Strategy is to capitalise on job creations and new skill development.

- As brands are heavily affected by upcoming EU regulations, discussing specific recycled content targets and policymakers are particularly interested in targets for textile-to-textile recycling, this can be used as a leverage to influence local government.

Training, Knowledge sharing
- Currently observe a knowledge gap at manufacturing level in Cambodia with limited technical understanding of segregation processes, and how to use recycled fibres effectively. Therefore, there is an opportunity to provide training programmes in the local language within the facility to increase the value of waste. Note that the level of detail may be limited due to current setup constraints. Suggest starting with the training now even before the development of recycling facilities, as knowledge is a key point for enabling scaling Circular Textiles Systems.

Financing and Price
- Need to understand the financing opportunities for the next five years, until the demand increases, and the infrastructures develop. Require a stronger business case for waste handlers, sorting centers and recyclers. Capex investments necessary for advanced sorting capabilities. For manufacturers to invest, require long-term brand commitments.

Next Steps
- Global Fashion Agenda will consider the feedback from the round table discussions for the projects in Cambodia and Vietnam. They will continue the dialogue within the Circular Fashion Partnership group and offer the opportunity to participate in collective action projects related to the GCFF & NCFP.

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