

PRESS RELEASE

INSIGHTS FROM CHINA'S TEXTILE MANUFACTURERS Gaps to overcome for clean & circular fashion

Stockholm, 30th August 2017 – This is a unique period in time for the global fashion industry as the goals of Chinese textile manufacturers and leading fashion brands are converging; both need to clean-up and want to go circular. Overlay the fact that China is still a major supplier of fashion raw materials and there is an opportunity to lay the foundations for a clean and circular business model, says a new report released by China Water Risk.

“China Water Risk has long worked to highlight water risks from the dirty, thirsty and wasteful fashion industry. With many of these risks now being realised, we are focusing on the solutions and opportunities. We are therefore very pleased to be working with the C&A Foundation on this project, which aims to advance the shift to a clean and circular business model”, says Debra Tan, head of China Water Risk.

“C&A Foundation is excited to partner with China Water Risk to support this study given its extensive expertise on the topic of water in China’s industrial sector, notably textiles and apparel. We hope that this report will support this transition to a circular apparel economy to enable other industry actors to identify and further scale up practical solutions to more quickly bring about a circular economy”, says Ilan Vuddamalay C&A Foundation Programme Manager.

The report *“Insights From China’s Textile Manufacturers: Gaps to overcome for clean & circular fashion”*, analyses the insights collected from an online survey of China’s textile manufacturers. China Water Risk conducted the survey to find out why, despite the mentioned goal convergence, the shift is not happening as fast as it could. Manufacturers were targeted as less is known about their actions compared to brands.

To gain honest insights the survey was anonymous and was well received with over 140 responses in just three weeks. 85 of the responses were complete and analysed in the report. These 85 come from a wide range of regions and factory types thus forming a rounded on-ground consensus of challenges China’s textile manufacturers’ are facing to going clean and circular, as well as what assistance they want from stakeholders.

The survey found that manufacturers are largely on track on going clean and tackling their water risks, as well as starting to move circular. Indeed, 98% say they are taking actions to be green, 74% are recycling water, 88% have upgraded their wastewater equipment and 84% upgraded equipment for chemicals. As for the circular economy, 72% see business benefit in moving to it.

While manufacturers are clearly moving towards the clean and circular model, the survey found they still face significant regulatory, operational and reputational challenges, as well as knowledge gaps.

“Our survey identified three overarching wishes from manufacturers to help overcome their challenges. They are: 1) more training, 2) more help with sourcing, and 3) more financial support. However, the underlying issue common to all of their challenges and wishes is how to be compliant within the current low-price business model”, says Dawn McGregor, project leader.

Indeed, the survey found that costs are rising but prices offered by brands/sourcing agents are not reflecting this and so already thin profit margins are being squeezed further. These insights raise the fundamental question of whether the current business model is sustainable. Will the fashion industry move the supply chain to another country with lax environmental regulations or work with Chinese manufactures to build a new clean and circular business model? The answer remains to be seen.

Both China Water Risk and the C&A Foundation hope that this report will support the fashion industry to fast track the transition to a circular apparel economy by raising awareness of manufacturers' needs and enabling actors to further identify practical solutions.

Download the report

<http://chinawaterrisk.org/notices/new-cwr-report-insights-from-chinas-textile-manufacturers>



About China Water Risk

China Water Risk (CWR) is dedicated to addressing business and environmental risks arising from China's limited water resources. CWR aims to foster efficient and responsible use of China's water resources by engaging the global business and investment communities. As such, it facilitates discussion amongst industry leaders, investors, experts & scientists on understanding and managing water risks so that we can make better decisions today for a water-secure tomorrow. At a micro-level CWR works toward embedding water risks into the financial valuation of a company thereby influencing capital flow to responsible users and on a macro-level by wedding provincial/national water resource management to economic planning. In addition to this, we also explore global exposure risks through the Made in China supply chain. CWR has thus co-published policy briefs with government-related bodies in China and globally. It also has been commissioned by financial institutions to conduct research analysing the impact of water risks on the Power, Mining, Agricultural, Textiles and the Food & Beverage sectors. These briefs and reports have been considered ground-breaking and instrumental in understanding China's water challenges. Join the conversation at <http://www.chinawaterrisk.org>

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