

Value Chains in the Global Garment Industry



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Overview

- The global garment and textile value chains
- Postindustrial recycling
- Economic, social and environmental implications
- The way forward



The Global Garment Value Chain

- Why do we have a global value chain?
 - Production capacities in Asia
 - Technological developments
 - Cheaper transportation
 - In Northern Europe/Scandinavia
 - Labor costs high
 - Environmental pollution controls tight
 - Unwillingness to work in the sector

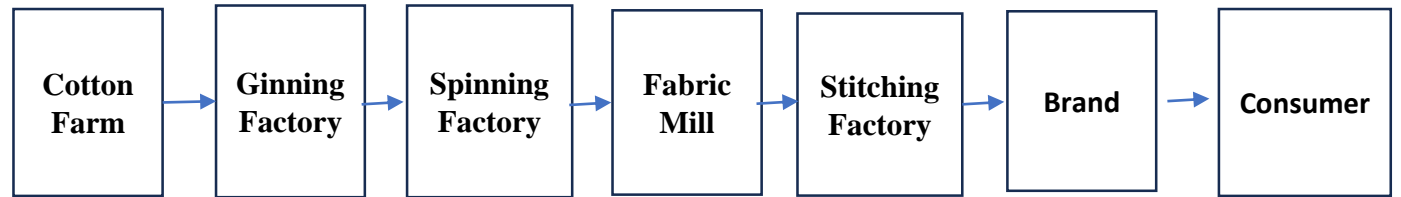


The Global Garment Value Chain

- Implications

- Financially unviable to establish garment and textile production at scale in the Nordics
- We lack garment and textile production knowledge
- Environmentally very polluting, will not get permission
- Garments production is still very labor-intensive
- Production is footloose, wage increases -> relocation of production
- At present – from China to Vietnam, Bangladesh, Indonesia

A Stylized Garment and Textile Value Chain



Postindustrial Recycling

- South Asian producer countries
 - Unlike the Nordic countries, Pakistan, India and Bangladesh have well-established recycling chains
 - Pakistan and India are mostly leading in mechanical recycling, chemical recycling is not well-developed as of yet
 - Mechanical recycling: combining post-industrial + post-consumption waste -> Production of home-textiles (towels, blankets, carpets, mats)
 - Still requires mixing with virgin cotton
 - With exception of jeans, mechanical recycling does not create fibers of sufficiently high quality to be reused in manufacturing of garments
 - Several brands experiment with + supporting development of chemical recycling
 - Criticism: chemical recycling involves water-borne processes + requires well-functioning treatment plants

Economic, Social, and Environmental Implications

- Consider economic and social, not only environmental implications of textile recycling
- Large, formal suppliers versus micro, small, and medium-sized (MSME) recyclers
- Informal nature of recycling operations
 - Many micro, small, and medium enterprises involved in downcycling operations
 - Important source of women's employment
 - Need for technological upgrading (i.e., new equipment)
 - Social upgrading: improvements in labor conditions and protections
 - Environmental upgrading: waste minimization + reuse

The Way Forward

- In the Nordics
 - We can support development of new start-ups, technologies
 - Financially unviable to establish large-scale recycling operations in the Nordics
- In South Asia
 - These firms need to follow the large-scale producers to Asia
 - Economic, social, and environmental upgrading in MSME recycling
 - Limit overall consumption in the Nordics, European Union