

Entering the European market for recycled fashion

Some of the world's most interesting markets for recycled fashion are in Europe. However, setting up a business relationship with a European buyer can be challenging. This report will help you understand what the most important requirements and opportunities are in the European market. You will learn about the legal requirements for exporting recycled fashion to Europe, about the best channels to get your product to the market, about the countries where your competitors are and the best ways to quote prices.

Contents of this page

1. [What requirements must recycled fashion comply with to be allowed on the European market?](#)
2. [Through what channels can you get recycled fashion on the European market?](#)
3. [What competition do you face in the European recycled fashion market?](#)
4. [What are the prices for recycled fashion in the European market?](#)

1. What requirements must recycled fashion comply with to be allowed on the European market?

If you want to sell recycled fashion in the European market, you need to comply with several requirements, some of which are mandatory, whether they are legal requirements or not. Others are voluntary, but meeting them can give you a competitive advantage. Some requirements only apply to certain niches in the recycled fashion market.

What are mandatory requirements?

The many legal requirements for exporting recycled fashion to Europe include those concerning product safety, the use of chemicals (REACH), quality and labelling. Additionally, many buyers have created non-negotiable terms and conditions for all of their suppliers to comply with. Although these requirements are not required by law, they are still mandatory.

Product safety

Any item for sale in the EU must comply with the EU's General Product Safety Directive ([GPSD: 2001/95/EC](#)). European Union Member Countries will check if your product meets the applicable safety requirements.

If your buyer has supplied the product design, it is their responsibility to make sure it is legally safe for consumers to use. However, if you have any doubts about whether a design is not compliant with the EU's General Product Safety Directive, discuss it with your buyer before you start the production process.

REACH

Any item of apparel, recycled or not, exported to the EU must comply with the [REACH](#) Regulation, which stands for registration, evaluation, authorisation and restriction of chemicals. This regulation restricts the use of many chemicals in apparel and specific materials used for trims. The use of these chemicals in apparel is either restricted or prohibited altogether.

The challenge with recycled yarns and fabrics is to make sure the input materials comply with REACH, so the final product does too. You may assume that clothing manufactured for the EU market that is recycled into new yarns and fabrics will comply with REACH, but if you want guaranteed compliance with REACH, testing each batch separately is recommended.

Chemicals commonly used in apparel production, which are restricted under REACH include:

- azo dyes that may release one or more of the 22 aromatic amines listed in [Appendix 8 to the REACH Regulation](#), nonylphenol and nonylphenol ethoxylates, and heavy metals, such as mercury, cadmium and lead;
- flame retardants, such as tris (2,3-dibromopropyl) phosphate, tris (aziridiny) phosphin oxide and polybrominated biphenyls (PBB);
- waterproofing and stain-repelling chemicals, such as perfluorooctane sulfonic acid and its derivatives (PFOS), which were originally restricted under REACH, but are now restricted under the Stockholm Convention ([EU Regulation 2019/1021](#)), as well as other persistent organic pollutants (POPs);
- certain nanomaterials used to make fabrics antibacterial;
- nickel, a restricted compound in metal trims and accessories, such as zippers, buttons and jewellery;
- polycyclic-aromatic hydrocarbons (PAHs) and phthalates used in plastic and PVC parts.

Labelling requirements

You must specify the material content of every item of recycled apparel that you export to the EU, in accordance with EU [Regulation 1007/2001](#). The purpose of this regulation is to let consumers know what type of apparel they are buying.

A fibre which accounts for up to 5% of the total weight of your product or fibres which collectively account for up to 15% of the total weight may be designated by the term 'other fibres', immediately preceded or followed by their total percentage by weight. This allows apparel manufacturers to account for fibre contamination, which is always a risk when recycling yarns into new fabrics. Include a 'rest category' of 15% on your composition label when you are working with mixed fibres; 5% when working with single-fibre recycled fabrics.

Labelling the country of origin ('Made in') or labelling care instructions is not yet legally required in the EU. Including care labels is highly recommended though. [ISO 3758: 2012](#) is the preferred standard for care labelling. The care label symbols are property of the company [GINETEX](#). You need to pay a fixed compensation to GINETEX for the use of these symbols.

Intellectual property rights

The illegal copying of registered apparel trademarks and designs is considered a serious threat to the European fashion industry. If you are selling your own designs in the European market, you must make sure you are not violating any intellectual property (IP) rights. If your buyer provides the design, they will also be liable in case the item is found to violate a property right. You can check the EU's Intellectual Property Office (EUIPO) website for examples of [designs](#) and [trademarks](#) and a full database containing all IPs registered in the EU, but not necessarily in each European country.

Complying with intellectual property rights also means you cannot copy nor share designs from one buyer with another. European buyers expect you to handle their designs prudently.

Non-legal mandatory requirements

In addition to the legal requirements mentioned above, you may be required to comply with non-negotiable terms and conditions that buyers have created for their suppliers. Such requirements are not required by law, but they are still mandatory.

Content verification and social responsibility standards

Recycled apparel is generally perceived by European buyers and end consumers as an inherently sustainable choice. Buyers may however require verification of material content and social compliance. At the very least, buyers will ask you to open your factory doors for them, so they can conduct personal inspections of your factory. Additionally, you may be requested to comply with the following independent standards:

- The Recycled Claim Standard ([RCS](#)) tracks recycled raw materials through the supply chain using the chain

of custody requirements of the [Content Claim Standard](#).

- The Global Recycled Standard ([GRS](#)) is a product standard that incorporates recycled material verification, including social and environmental responsibility criteria, as well as chemical management.
- [Cradle to Cradle Certified](#) is a measure of products designed for [the circular economy](#). It includes criteria for material reutilisation and the use of chemicals, energy and water during production.
- Regarding social responsibility, [BSCI](#) (Business Social Compliance Initiative) is the most popular certification that European buyers will require. Other popular social standards are [WRAP](#), [SEDEX](#), [ETI](#), [SA8000](#), [ISO 26000](#), [FWF](#) and [Fair Trade](#).

AQL

To guarantee product quality, your buyer may set an AQL, which stands for acceptance quality limit or acceptable quality level. An AQL is the lowest tolerable quality level a buyer will accept. For example, AQL 2.5 means that your buyer will reject a batch if more than 2.5% of the whole order amount over several production runs is defective, meaning a mix of minor and major defects.

Buyers also set the product quality standard defining the level of physical standards for fabrics such as:

- strength
- pilling
- shrinkage

The main challenge with mechanically recycled yarns is that the staple length of the fibres shortens during the recycling process. As the fabrics are physically torn apart to create new lint, the texture of the new yarn and thus of the fabric is negatively affected. For this reason, recycled yarns are often mixed with other virgin fibres, such as cotton, regenerated cellulosic fibres and polyester to stabilise the yarn and to improve the physical standards of the fabric.

Nevertheless, recycled yarns tend to have a lower pilling and shrinkage standard. The short-staple length and irregularity of the fibres limits the fineness that can be achieved and often results in a relatively nappy or fuzzy fabric. The higher the recycled yarn content in a fabric, the more prominent these characteristics will show.

Many spinners produce undyed yarns from recycled fibres, saving water and chemicals in the process and thus increasing its sustainability. The spinners will colour select the input fabrics to determine the colour of the final yarn. This process limits apparel buyers in their choice of colourways. Even if the recycled yarns are dyed, it can be difficult to predict the end result if the yarn is spun from a mixed source of fabrics, such as both natural and synthetic fibres. Buyers must therefore choose their colours from a predetermined colour palette.

These limitations have the following consequences for different apparel subcategories:

- For knitwear, achieving fine gauges such as 14GG and 16GG is still not possible using mechanically recycled undyed yarns, nor is optical white for colour.
- T-shirts are still very difficult to manufacture using 100% mechanically recycled yarns, since T-shirt fabric requires very fine yarns.
- Denims made with 30%-40% mechanically recycled post-consumer waste are available in the market, but 100% is not yet feasible. MUD Jeans, for example, has a vision of one day selling [100% recycled denim jeans, made from a mix of mechanically recycled and regenerated yarns](#).
- Jackets can be made using 100% recycled polyester. Check [this jacket collection by Kings of Indigo](#). Recycled polyester is made from post-consumer PET bottles.

Packaging requirements

In most cases, your buyer will give you instructions on how to package the order. If you agree with your buyer that they will clear customs in the country of import, which is the norm in the apparel industry, it is their

responsibility to make sure the instructions comply with EU import procedures.

The packaging instructions will be written down in a packing manual. In this document, you will find all relevant packing instructions concerning:

- type and quality of the packing material you need to use;
- size of the packing material;
- information that should be mentioned on the packing material, including style references and numbers, size breakdown, number of pieces and colourways;
- placement and position of barcodes;
- way of stacking;
- maximum quantity in a box or polybag;
- maximum weight of an export carton;
- named suppliers for the packing material.

Your buyer will also appreciate any efforts you make to reduce the environmental impact and the financial cost of using packaging materials. First, you can make suggestions on how to use less packaging materials. Another option is to use environmentally friendly alternatives, such as recycled and biodegradable materials.

Payment terms

In most cases, European buyers will pay you a percentage of the total sum of the order, for example 30% of it, when they place the order and the rest (70% in the example) after the order is completed. The most used payment method in the apparel industry for such a transaction is the letter of credit (LC). An LC obligates a buyer's bank to pay the supplier when both parties meet the conditions they have agreed upon.

In other cases, buyers might ask for a telegraphic transfer (TT) after 30, 60, 90 or sometimes even 120 days. This means you, as a manufacturer, finish the production and hand over the shipment to the buyer, including the original documents before payment is due. The payment will be made after the number of days that you have agreed on with the buyer. This is a risky payment agreement because you take full financial risk.

Additional Requirements

In addition to non-legal, but mandatory requirements like standards and certifications, there are many services that buyers implicitly expect or at least highly appreciate if you want to do business with them. These requirements can differ from buyer to buyer.

Product design and development

Most buyers have their own design team and do not solely rely on the collections that factories present to them. Still, having your own ideas on product design and development will be highly appreciated, especially in the niche market that recycled fashion still is, where new innovative materials and production methods are constantly introduced.

Buyers are always looking for special designs, materials and production methods to help them stand out in the market. Check for the latest developments on recycled fabrics and designs for instance on [Innovation In Textiles](#) and [FashionUnited](#).

Communication

Smooth communication is an implicit requirement of all buyers. Always reply to every email within 24 hours. Even if it is just to confirm that you have received the email and will send a more complete reply later. If you have a problem with a production order, immediately notify the customer and try to offer a solution. Another good tip is to create a T&A (time and arrival) of every order and share it with your buyer. This file will help you to manage expectations, monitor progress and is the best guarantee of on-time delivery.

Flexibility

Many factories focus only on getting convenient orders: simple designs, large quantities and long delivery times. However, if you want to start a business relationship with a European buyer, be prepared to accept complicated orders first. Buyers will want to test your factory before giving you large, easy orders. Make sure at the start that a buyer will not continue to place only difficult orders with you and convenient orders elsewhere.

Expect a European buyer to require in their first order:

- high material quality and impeccable workmanship;
- order quantities below your normal minimum order quantity (MOQ);
- a price level that is lower than you normally would accept for small quantity orders.

Niche requirements

Recycled fashion is still a niche. It is possible however to distinguish between mainstream recycled fashion and certain up-and-coming recycling methods and business models. Because they are still uncommon, these niches are often buyer specific.

100% traceable recycled apparel

To increase the level of quality, sustainability and REACH compliance, some buyers will only work with recycled fabrics made from 100% traceable sources. These sources can be in Europe, for example, to help ensure that input materials are REACH compliant. Other brands, such as [MUD Jeans](#) will even go as far as to collect their apparel after use and have it recycled at a designated recycling plant. The fact that MUD Jeans leases out jeans and controls the collection process makes it easier.

Biodegradable apparel

In a truly circular economy products and materials do not lose their value during recycling and can be endlessly reused. Some European buyers have developed a totally different approach to recycled fashion: biodegradability. They will use fabrics that decompose into natural elements. Circular fashion brand [A.BCH](#), for instance, produces 99% compostable clothing. Outdoor sportswear brands [Houdini](#), which also rents out clothes, and [Vaude](#) are experimenting with [PrimaLoft Bio](#), a 100% recycled biodegradable performance fabric.

Tips:

Read the CBI study [on buyer requirements](#) for an extensive overview of the legal, non-legal and niche requirements you will need to comply with as an exporter of recycled fashion to Europe.

Read the CBI study on organising your exports to Europe for more elaborate tips on how to deal with payment terms, storing, packaging and shipping.

Check the freely accessible [CSR Risk Check database](#) to discover the social and environmental risks associated with recycled fashion in your country and ways to manage them.

Check the [EU's Trade Helpdesk](#) for an overview of all legal requirements set for your product. There you can also identify your product code to get a list of the applicable requirements.

Familiarise yourself with the [complete list of chemicals restricted under REACH](#). Make sure you only work with suppliers of fabrics and trims that are REACH compliant. Ask for proof that they are.

Read [good practices](#) on the EU circular economy stakeholders platform.

2. Through what channels can you get recycled fashion on the European market?

Before you start to approach European recycled fashion buyers, you need to determine what market segment fits your company best and through what channels you want to sell your product.

How is the end market segmented?

European buyers of recycled fashion can best be classified by their price-quality level because that determines the quality and price level of the materials they use in their fashion designs.

Table 1: Recycled fashion market segmentation

| Consumer type | Price level | Fashionability | Materials | Functionality | Order quantities |
|--------------------------|------------------------------|--|---|---|------------------------------|
| Luxury consumer | high-very high retail prices | Highly fashionable, unique designs | Use of luxury materials such as recycled wool and cashmere, polyester | Very high requirements regarding product quality, design and innovation | Low order quantities |
| Practical consumer | Medium retail prices | Practical designs in line with latest fashion trends | Recycled cotton, wool, polyester | Medium requirements on design, good product quality is required | Medium-high order quantities |
| Price-conscious consumer | Medium-low retail prices | Basic, functional styles | Medium quality materials made from cutting waste, polyester | Medium-low requirements on design, quality | High order quantities |

The luxury consumer

European luxury consumers shop for European apparel brands in the luxury and upper-middle market, such as [Filippa-K](#) and [Viktor & Rolf](#). These types of brands require top-quality recycled materials and workmanship. Recycled cashmere and wool are popular fabrics in this segment, just as recycled cotton combined with a relatively expensive virgin yarn, such as Tencel. Another common material is recycled polyester, because of its yarn stability, price competitiveness and good sustainability story. This segment is growing.

The practical consumer

The middle market caters to the practical consumer. In this market segment, recycled cotton both from cutting waste and post-consumer textile waste, and wool are popular materials. Check, for instance, [Mango](#) and

Bestseller. India is a large producer of these fabrics. In this market segment, you will also find demand for recycled polyester, which is a popular fabric in all market segments, from luxury to budget. This segment is growing.

The price-conscious consumer

The lower-middle and budget markets, where companies such as **Zara** and **JBC** operate, cater to price-conscious consumers. They are characterised by demand for recycled polyester and cheap yarns and fabrics made from cutting waste. Fabrics made with post-consumer waste are still rarely used in this segment, because most available such fabrics are more expensive than virgin materials. This is because the recycled content needs to be blended with high percentages of virgin fibres, such as cotton, which cancels the economy of scale that the production of 100% cotton yarns provides.

Table 2: Selected brands and retailers offering recycled products and their position in the market

| Company name | Price-quality level | | | Material price-quality | | | Order quantities | | |
|-----------------|---------------------|-----|------|------------------------|-----|------|------------------|-----|------|
| | low | mid | high | basic | mid | high | low | mid | high |
| Filippa-K | | | x | | | x | x | | |
| Viktor and Rolf | | | x | | | x | x | | |
| Ruby Moon | | x | | | | x | x | | |
| For days | - | x | | | | x | x | | |
| Houdini | | x | | | | x | x | | |
| Vaude | | x | | | | x | x | | |
| G-Star | | x | | | x | | | x | |
| MUD Jeans | | x | | | x | | x | | |
| HAVEP | | | x | | x | | x | | |
| JBC | x | | | | x | | | x | |
| Moodstreet | | x | | | x | | x | | |
| Lyme terrace | | x | | | x | | x | | |
| Patagonia | | x | | | | x | | x | |
| Asos | | x | | | x | | | x | |
| SuitSupply | | x | | | x | | | x | |

| | | | | | | | | | |
|----------------|---|---|--|---|---|--|--|---|---|
| WE Fashion | | X | | | X | | | X | |
| Zara | X | | | | X | | | | X |
| Mango | | X | | | X | | | | X |
| Jack and Jones | X | | | X | | | | | X |

Tips:

Read this [overview of European brands in different market segments experimenting with different recycled materials](#), by the European Clothing Action Plan.

Check the [Cradle to Cradle Certified Products Registry](#) for an overview of 50 innovative recycled fabrics.

Always make sure your buyer is aware of the advantages and limitations of recycled fabrics. Check this [concise overview of the pros and cons of recycled apparel](#) on the website of the Renewable Resources Coalition.

Through what channels does the product end up on the end market?

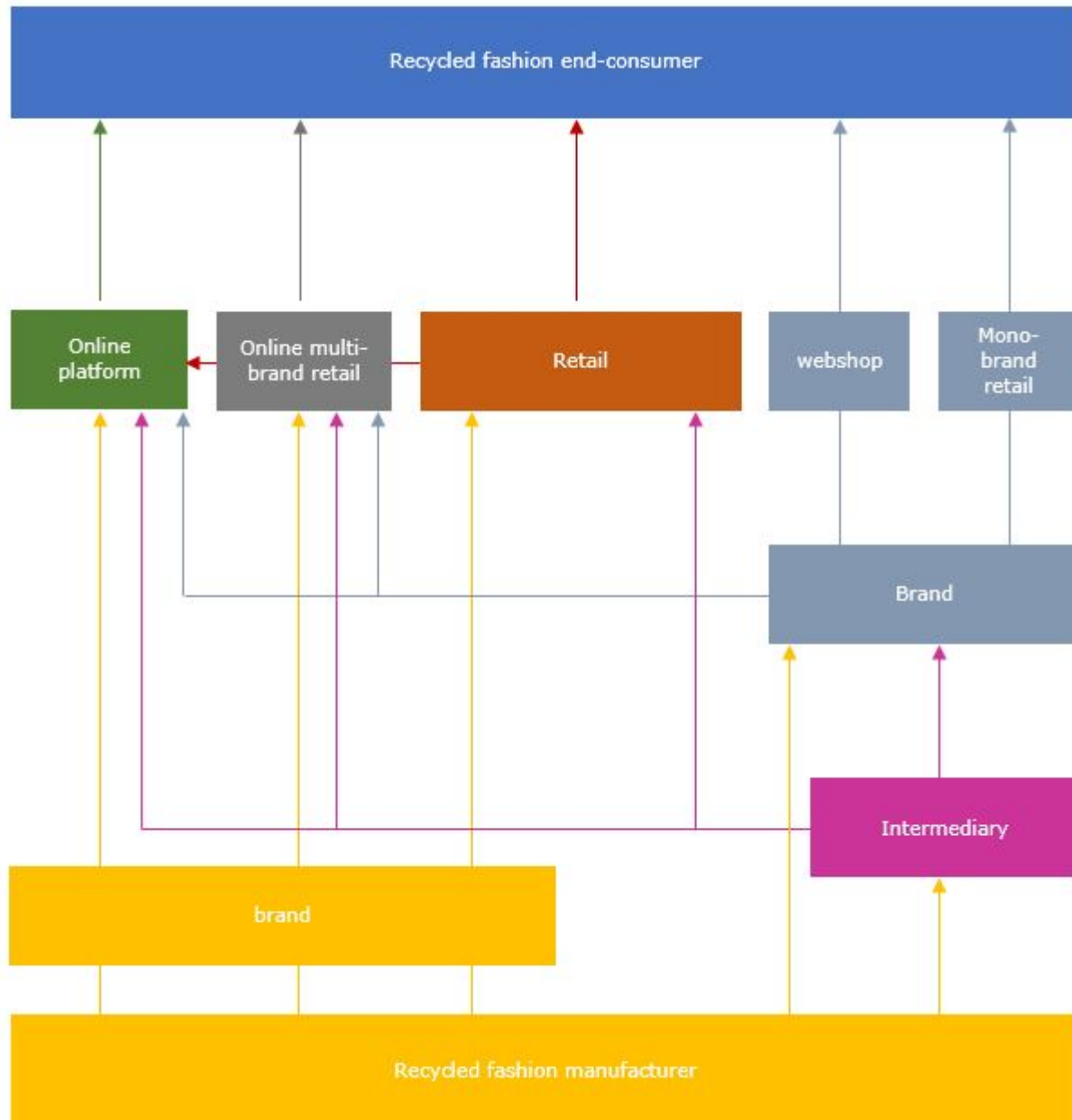
The most marked difference among your potential buyers is their place up the value chain, because that will determine how they do business with you. Within each part of the value chain, you will find buyers of different market size, with different requirements regarding certification, quality MOQ and price.

In the European apparel market, you may find potential buyers in many different parts of the value chain, from end consumers to traders. Each type of buyer requires a specific approach. Always try to find out in what part of the value chain your buyer operates, what challenges they face in the market and how you can contribute to their sales strategies.

- If you want to target European end consumers directly, try selling via platforms such as [Alibaba](#), [Wish](#) and [Amazon](#). They will let you advertise your product and handle your sales for a commission. Most online consumers can be found in countries in Europe's northwest. You will need to invest in a web shop, stock, order management and customer service. Your biggest challenge will be return policies and lack of brand awareness, making it difficult to find buyers outside the budget market.
- Online multi-brand retailers such as [Zalando](#), [Asos](#) and [Yoox](#) sell brands and develop their own private collections of recycled apparel. Usually such platforms will place a small test order first. If the item is selling well, they will place the actual production order. Fast delivery is a must.
- If you want to sell to fashion retailers, some of the biggest names in Europe selling recycled fashion include [Zara](#), [Mango](#) and [Jack & Jones](#) (a [Bestseller](#) label) in addition to many smaller fashion boutiques. Retailers are under pressure from online multi-brand shops. They can place an order relatively easy as they only need one development sample for order confirmation. Order quantities range from large, for big players, to very small. Price pressure is high.
- If you want to service fashion brands such as [G-Star](#), [Ruby Moon](#) and [Lyme Terrace](#), note that they typically develop a collection 6-12 months in advance, regardless of their price segment. You will need a large sample room, as brands require salesman samples (SMS) of each collection style. Every sample needs to be actual, meaning it must look exactly like the product will in the shop, with branded hangtags and accessories. It may take many months before orders are placed.

- Intermediaries such as agents, traders, importers and private label companies, sell your product on to buyers up the value chain. They are price focused and require flexibility in quantities and qualities. Some are located near or in the production countries and primarily do sourcing and logistics, such as [Li & Fung](#). Others, such as [Broadway](#), [Cetex Group](#) and [Cookie Company](#) work from Europe and also do market research, design and stock keeping. Their commission rate is determined by their service level.

Figure 1: recycled fashion market value chain



Tips:

Find potential buyers on the exhibitor list of trade fairs such as [Neonyt](#) and [Innatex](#), both in Germany, even if you do not plan to attend. If you do plan to meet a potential buyer at a fair, check what collections they have, buy one or two items and prepare matching or even improved samples. Work out the costing as well before you introduce your company and your samples to a potential buyer.

Do a thorough research of the market where your ideal buyer operates and adjust your proposition to their requirements and ambitions.

What is the most interesting channel for you?

If you are a small to medium-sized manufacturer in a developing country, intermediaries, brands, smaller European retail chains and online platforms are likely the most interesting channels for you. The higher you go up the value chain, the higher the profit margins, but also the level of service buyers will require from you. For this reason, selling directly to European consumers is probably not yet interesting.

Intermediaries

Intermediaries are the most adventurous type of buyer and are usually the first to investigate new sourcing destinations and factories. By working for this type of buyer, you will have access to many different buyers up the value chain and you can learn how to service them by following their instructions. Your main challenge will be price pressure. Because intermediaries supply retailers and brands they need to offer them a price very close to the factory price — meaning your price — and still try to make a profit.

Brands

European brands can be an interesting channel as many are already using recycled fabrics in their collections or expanding this product group. Your biggest challenge will be design, product development and compliance with social responsibility and sustainability standards. You also need to be flexible in your MOQs.

Retailers

Big European retail chains, such as Zara and H&M, also have very strict requirements regarding social and sustainability standards. This can make it difficult to do business with them. Smaller, local fashion retail chains such as [JBC](#), [WE](#) or [Varner](#) can be an interesting channel, as they often struggle to find suppliers that can meet their requirements for low order quantities.

Online multi-brand platforms

Manufacturing for online multi-brand retailers is an interesting option, as many are expanding with their private collections into the sustainable apparel market, including recycled fashion. Check, for example, [Asos](#), which has a sustainable section called 'Responsible edit' and [Yoox](#) (see sustainable collection [Yooxygen](#)). Check also check niche platforms, such as [Rève en Vert](#), [Gather & See](#) and [almasanta](#).

Tips:

Read the CBI study [on finding buyers](#) for an extensive overview of European fashion market segments, channels and requirements.

You can find intermediaries specialised in recycled apparel by using an online search engine. Use keywords such as 'full service', 'garment', 'recycled' plus 'solution'. Traders' websites usually show the brands they work with.

Check the online [Retail-Index](#), which contains profiles of major apparel retailers in Europe.

Before you approach any buyer, determine your USPs and define your ideal buyer. Note that selling your company is even more important than selling your product, so focus on certifications and CSR. For more information, read the CBI study on [trends in the European apparel market](#).

3. What competition do you face in the European recycled fashion market?

The European market for recycled fashion is small but growing and far from settled. Many buyers are still investigating the best way to set up an efficient supply chain that complies with their requirements. On the other end of the value chain, many manufacturers worldwide are entering the post-consumer recycled apparel market. If you want too, you need to find a secure supply of second-hand clothes or fabrics made thereof before prices increase due to shortages.

Which countries are you competing with?

The following apparel producing countries are known for manufacturing recycled apparel.

China is the market leader in recycled polyester from PET bottles and wool fabrics made from cutting waste. The local availability of fabrics, together with high efficiency and excellent customer service give Chinese manufacturers an advantage over competitors in developing countries. Check, for example, [Guotai](#) and the [Sunshine Group](#). High MOQs, rising labour and production costs and not being part of the [Generalised Scheme of Preferences](#) (GSP) that removes import duties to the EU, all work against Chinese exporters.

India is a low-cost producer of apparel with a long history in textile recycling. Indian manufacturers have been recycling post-consumer apparel waste for use in carpets and curtains for years. More recently, India has developed recycled yarns that can be used to make flat knits, denims, T-shirts and socks. The country benefits from the GSP, but many factories in India lack the service level that their competitors in China offer and struggle to comply with social standards.

Morocco's biggest competitive advantage is its geographic location close to Europe, which makes it easy and relatively cheap to import post-consumer apparel waste from Europe, process it into recycled apparel and ship it back to Europe. Check, for instance, [Hallotex](#) (originally from Spain) and [Wolkat](#), a Dutch textile recycler with a production location in Morocco. The country's main challenges are its relatively high wages and production costs, but it benefits from a [free trade agreement with the EU](#).

As Italy has a long history of manufacturing flat knits, focusing on recycling high-quality, post-consumer waste into new yarns and products. Especially their recycled, undyed wool and cashmere fabrics are renowned and sold to many European brands and retailers. Check, for instance, [Filpucci](#) and [Reverso](#). Italy obviously benefits from being inside the EU, but that also results in high production costs. For this reason, the country primarily produces high-end, high-price recycled yarns and fabrics.

Spain also has a long history of recycling apparel. Spanish manufacturers have developed a process of recycling post-consumer waste denim jeans into new yarns and fabrics. Although it is still not technically possible to manufacture denim jeans 100% made from post-consumer waste, some variations come close, such as [Santanderina](#).

Tips:

Focus on product development and sourcing. Offer buyers different qualities sourced from different countries. Be aware that transport and stock keeping adds extra cost to your proposal.

Investigate other apparel producing countries for their comparative advantage. Check the freely accessible [CSR Risk Check database](#) to discover the social and environmental risks associated with apparel production in different countries, including your own. Use this information to mitigate risks and to promote the advantages of sourcing in your country.

Check how other countries benefit from the Generalised Scheme of Preferences on [the European Commission's website on international trade](#).

Study the countries where your competing are, compare their strengths and weaknesses to yours and promote the advantages of doing business with you. Besides GSP, consider factors such as distance to Europe, [ease of doing business](#) and [transparency](#).

Which companies are you competing with?

[Neo-Concept](#) is a company from China specialised in manufacturing flat knits using recycled post-consumer yarns from India and recycled polyester from China. The strength of this company is product development and design. However, as its focus is the middle market and upper middle market, Neo-Concept's main challenge is achieving a mainstream price level.

Spain's [Hallotex](#) is a highly flexible, design-driven recycled apparel manufacturer mainly supplying [Inditex](#), the parent company of fashion retail chains [Zara](#), [Massimo Dutti](#), [Pull & Bear](#) and others. Expanding their organisation by opening a factory in Morocco lowered their production costs and increased their flexibility. Hallotex's biggest challenge however is to search buyers beyond Inditex and expand in the rest of Europe.

Tips:

Check the free online database [Open Apparel Registry](#). This website lets you look up the suppliers of hundreds of European fashion brands. Study their websites, their product range and the way they present their company to European buyers. Determine their USPs and compare them to your own.

Read the CBI study [10 Tips for Doing Business with European Buyers](#) to learn how to approach and engage with buyers. This report also describes how you can analyse your USPs and how to get practical help with understanding European business culture.

Investigating manufacturers that supply to European buyers will not only show you what they are manufacturing, but also what the buyer might be missing. This will help you to create a unique proposition.

Which products are you competing with?

As recycled yarns and fabrics can still be relatively expensive, have limited physical standards and offer fewer options in terms of design and product development, their primary appeal is sustainability. For this reason, all materials that score high on sustainability are competitors to recycled yarns and fabrics, including:

- Organic cotton: cotton grown without the use of GMOs and synthetic chemicals. Read more about organic cotton in the CBI study on sustainable cotton.
- Regenerated fibres such as Tencel and Modal by [Lenzing](#) and viscose score high on sustainability and versatility. Innovative bio-based polymer fibres, such as PLA, milk, seaweed and soy also fit those criteria but their availability is still limited.
- Bio-based, biodegradable regenerated fibres, such as [Pond](#) or [PrimaLoft Bio](#).
- Waterless dyed fabrics. New techniques using carbon dioxide instead of water significantly reduce the impact on the environment during the dyeing process. Check for instance [Dyecoo](#).
- Naturally dyed fabrics, such as [Rubia](#) or [Fibre Bio](#).
- Vintage and upcycled apparel. Several European companies do not recycle textile waste back to lint, but instead sell post-consumer apparel as vintage, or cut it into pieces to remake it into new textile products. Check, for example, [Re/done](#) and [Vanhulley](#) (in Dutch).
- The limited worldwide supply of high-quality, post-consumer textile waste recycled apparel is its own

competitor. As demand for post-consumer recycled apparel increases, so will the price of the input materials, especially the high-quality varieties.

Tips:

In case you consider using recycled materials, investigate the availability of waste in your own country and look into a purpose based on either recycling, upcycling or redoing.

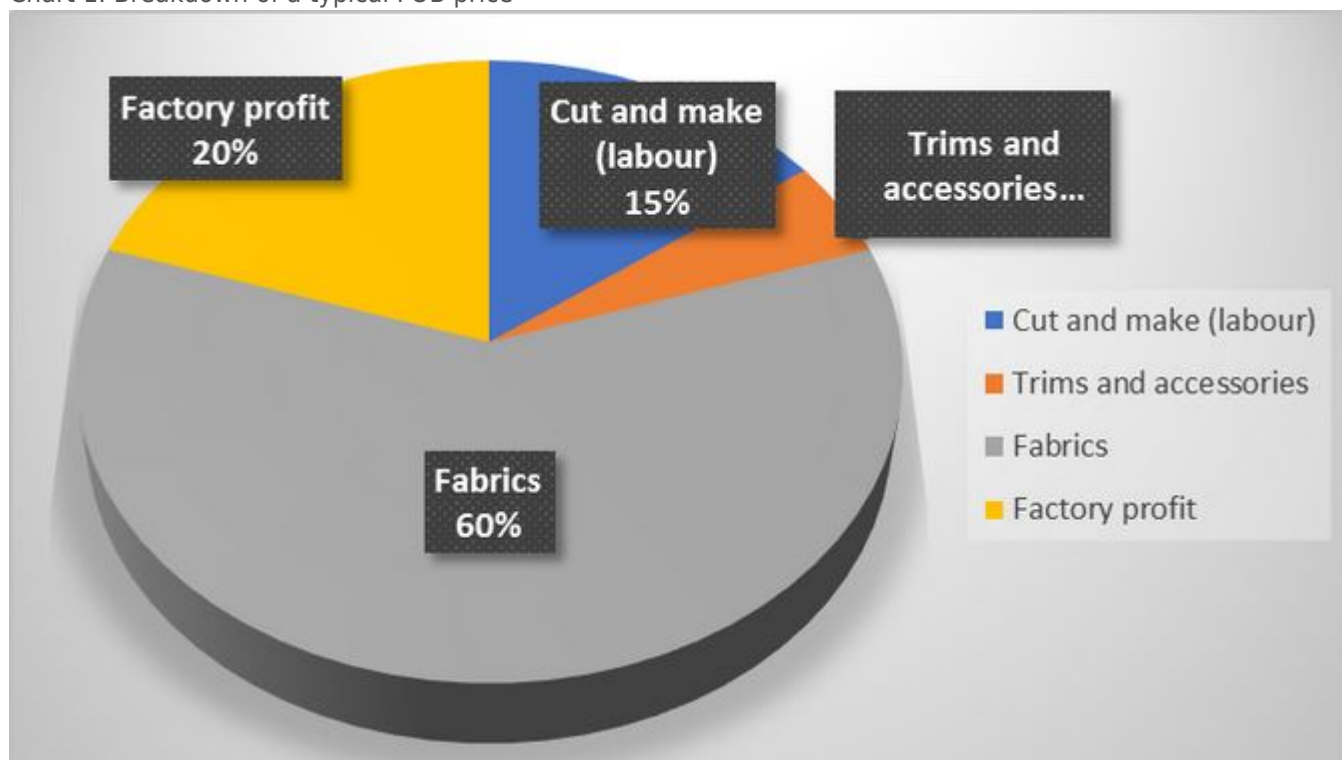
The best way to be successful in the use of recycled fabrics is to invest in product development. The ability of making beautiful new products from waste will be the biggest opportunity to create business and expand exports.

4. What are the prices for recycled fashion in the European market?

The factory price of your product, which in the fashion industry jargon is your FOB price (for [free on board](#)), is influenced by many factors, including the cost of materials, the efficiency of your employees, your overhead and profit margin.

The following chart shows the average cost breakdown of a typical FOB price.

Chart 1: Breakdown of a typical FOB price



Note that these percentages may vary per factory and per order. Some factories accept lower profit margins during offseason periods or when order volumes are high. In addition, the percentages for labour versus fabrics may vary, depending on the efficiency and wage level of the workforce and the price of the materials. Efficiency goes up and material prices go down when producing large volume orders.

Material pricing

Collecting, selecting and processing post-consumer apparel waste is a labour-intensive process. Among other

things, it involves selecting waste apparel items by quality (fibres, blends), colour, cleanliness and removing all trims and tags before shredding. In countries where wages are low, this can result in fabrics that can compete pricewise with fabrics made from virgin yarns. In countries with higher labour costs, this inevitably leads to yarns and fabrics that cannot yet compete with virgin fabrics.

Automated selecting could resolve this. Check [this video on Fibersort](#), a new automated textile selecting machine.

Another major influence on the price of fabric is the percentage and the price-quality level of the virgin yarn that is blended with the recycled yarn. Virgin yarns are mixed with recycled yarn to stabilise the final yarn. This can be done with any yarn, but for reasons of sustainability characteristics, buyers may choose relatively expensive yarns, such as Tencel and organic cotton. In any case blending yarns cancels the economy of scale that the production of 100% cotton yarn provides.

Retail pricing

The retail price of a recycled fashion item is on average four to eight times the FOB price, which is called retail markup. It follows that the FOB price is on average 12.5%–25% of the retail price of the product. Exceptions do exist. In the budget market, some large European retail chains may sell products for a markup of just twice the FOB price. Retailers mark the FOB price up four to eight times because they need to account for import duties, transport, rent, marketing, overhead, stock keeping, markdowns, VAT (15%–27% in EU countries), among other costs.


According to [Eurostat's 2018 comparison of retail prices for apparel](#), France has the highest price level among the top six apparel and footwear importer countries at 109.9 points compared to the European average of 100, followed by Belgium (106.4), the Netherlands (106.3), Italy (101.1), Germany (99.1), the UK (92.7) and Spain (92). Note that brands and retailers that sell in multiple European countries usually keep prices equal or deviate only slightly from the standard retail price.


As a result of increasing demand, the consequently higher-volume production and the development of increasingly efficient manufacturing techniques specifically for recycling post-consumer waste, prices for recycled yarns and fabrics will likely drop. Demand for recycled fashion will grow substantially in the coming five years.


This study has been carried out on behalf of CBI by [FT Journalistiek](#).

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