The Daily Star

TUESDAY, November 16, 2021 | Journalism Without Fear or Favour

Apparel manufacturers are key to fashion's climate ambitions

Mostafiz Uddin

Mon Nov 15, 2021

Fulfilling the renewed climate commitments by the global fashion industry at COP26 will be difficult without support and incentives. File Photo: Reuters

Last week, I wrote about the implications of COP26 on the RMG sector in Bangladesh. Since then, representatives from the fashion industry have made another major announcement at the climate conference, which could set off serious reverberations in the global fashion supply chains over the next decade.

A group of leading global fashion brands, including some of Bangladesh's largest customers such as H&M and Inditex (owner of Zara), signed an updated commitment to the United Nations Fashion Industry Charter for Climate Action. The original fashion charter was signed at COP24, held in Katowice, Poland in 2018. At that time, signatories made commitments on decarbonising their supply chains, reducing dependence on coal-fuelled power in their supply chains, and directing their suppliers towards increasing the use of sustainable materials, including recycled textiles.

Anyone who thought that our buyers were not serious about this issue, will now need to think again. At COP26, all signatories made renewed commitments, including forming a decarbonisation plan aligned with the Paris Agreement ambitions to limit the global temperature rise to 1.5 degrees Celsius above pre-industrial levels.

Central to the new agreement was a call for the signatories to set science-based targets, or halve their emissions by 2030, with a pledge to achieve net zero emissions by no later than 2050. This is an update of the previous target of 30 percent aggregate greenhouse gas (GHG) emission reduction by 2030.

Further commitments in the updated charter include sourcing 100 percent of electricity from renewable sources by 2030, the sourcing of environmentally friendly raw materials, and phasing out the use of coal from supply chains by 2030, among others.

I can remember COP24 like it was yesterday, and here we are, three years later, where the global fashion industry is once again making commitments that will make business as usual a thing of the past in the coming decade, and which have fundamental implications for suppliers.

How do we respond? Well, it has been interesting to note that the past week has also seen calls by fashion retailers to provide fiscal incentives to encourage them to source sustainable fibres such as organic cotton, recycled polyester, etc. This call was made by the US-based non-profit Textile Exchange, and also included signatories from the fashion sector such as Gap, Primark, and VF Corp—all of whom source apparel products from Bangladesh.

Textile Exchange claims that these incentives are required because "cost is one of the key barriers faced by companies looking to shift their supply chain towards environmentally preferred materials."

I would not argue for or against that, but what about suppliers? The signatories of the renewed fashion charter will be heavily dependent on their suppliers to invest in more sustainable manufacturing processes in order to meet their climate commitments.

In light of this, it seems reasonable to ask: Where are the fiscal incentives for suppliers? How can trade policies be used to incentivise and support suppliers in the greening of supply chains? How can investment in sustainability be made to make economic sense for suppliers?

This is a question I believe that we all need to give much thought to in the coming 12 months. It strikes me as odd that over the past five years, the fashion industry has made many commitments where the climate is concerned, but has not yet provided enough details about how these commitments will impact suppliers, what suppliers need to be doing for fashion retailers to achieve the goals, and where the funding and investment will come from to upgrade the supply chains. There are a lot of great ideas, but none of them has enough "meat on the bones."

Then what could fiscally incentivise suppliers to look at alternative sources of energy, to invest in new water-saving technology, and to examine how recycling options can be incorporated into production?

This is a broad question, and there are many ways of gently nudging the suppliers to go green. But how about, as a starting point, offering tax relief on supply chain investments which have a focus on sustainability? Surely, it is not beyond the imagination of the authorities to develop a list of investments that fall under this category?

But as fashion brands and retailers are making these pledges—which have implications for suppliers—perhaps there are some steps that they could take to support the suppliers along this path.

In the past, I have seen partnerships between the fashion industry and global entities such as the World Bank, designed to provide low interest rates for suppliers. To offer a specific example, a couple of years ago, the International Finance Corporation (IFC), a member of the World Bank Group, and US-based fashion giant Levi Strauss & Co signed an agreement to help the company to reduce GHG emissions and water use in its supply chain. The IFC worked with 42 Levi's suppliers and mills in 10 countries to implement renewable energy and water-saving interventions to cut GHG emissions.

I don't know what happened with this initiative, which included Bangladesh within its remit. What I do know, however, is that we will need more—a great many more—initiatives and partnerships like this one if suppliers are to help fashion meet some of the climate objectives laid down at COP26.

Fashion has thrown down the gauntlet at COP26 with its latest sustainability announcements. Suppliers are ready to work with their buyers to meet the challenge, but we can't do it without the necessary support and access to finance.

It's time to get to work.