



UNIVERSITY OF
CAMBRIDGE

Centre for Resilience and
Sustainable Development

Cambridge CRSD Report

Reforming textile trade codes to be fit for purpose for the circular and sustainable textile economy

Question:

What proposals for HS and Basel Code reform should industry bodies advocate for by 2027 so that the codes meet the needs of a circular and sustainable textile economy?

January, 2025

About the Centre for Resilience and Sustainable Development, University of Cambridge

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Disclaimer

The authors of this report have made every attempt to ensure that the information contained in this report is accurate at the time of completion. This has included working in close collaboration with industry stakeholders. However, any errors that remain are with the authors.

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This action-research is designed, led and authored by Dr Nazia M Habib, Professor and the Head of the Centre for Resilience and Sustainable Development at the University of Cambridge, UK. Substantial contributions to this work were made by the Centre's Research Associates Dr Hannah Parris and research partners for this project Mr Alan Wheeler representing the Textile Recycling Association (UK) and Julia Ettinger representing the European Recycling Industries' Confederation (EuRIC).

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Policy Briefing Note

Policy Pitch

To unlock the potential of recycled textiles and second-hand clothing in a circular economy, we propose seven practical reforms to modernise outdated customs codes, introducing new codes, and create clear standards, and trader incentives that will enhance trust, trade efficiency, and transparency.

Executive Summary

- Custom services globally use standardised HS customs codes specified by the intergovernmental organisation the World Customs Organisation (WCO).
- Outdated customs codes are creating legal and financial barriers for second-hand clothing (SHC) and textile recycling shipments, threatening the textile sector's transition to a circular economy.
- Using world class action-research methodologies, the University of Cambridge Centre for Resilience and Sustainable Development (CRSD) partnered with the Textile Recycling Association (TRA, UK) and the European Recycling Industry Confederation (EuRIC), and industry partners, to co-design reforms to the HS codes for second-hand clothing, textile recycling, textile waste and products made from recycled content.
- This coalition proposes a package of seven comprehensive recommendations to reform HS codes. These reforms cover changes to code to clarify and standardise language, changes to reflect industry practice, improve trust and transparency and to create opportunities to develop incentives for the use of recycled/reuse textiles.
- Reform benefits include increasing confidence for investors in the sector, protection of SHC markets against textile waste 'dumping', and creation of incentives to use recycled textiles.
- Recommended for national governments to consult further with partner countries in the WCO with a view to progressing HS code reform in the next WCO review cycle starting 2027.

Background

Throughout 2024, CRSD, TRA and EuRIC utilised CRSD's innovative world class action-research methodology, the Cambridge Policy Boot Camp (CPBC), to co-design HS reform proposals. The CPBC methodology allowed for a broad range of perspectives, data sources and evidence to be incorporated into the proposed reforms.

Recommendations

Recommendation 1: We recommended that national governments work with like minded partners within the World Customs Organisation to pursue the following HS code reforms as part of the next review cycle starting 2027:

1. Abolish HS 6309 and replace with seven new codes to differentiate waste, recycling, reuse, garment/shoes/accessories, and unsorted originals
2. Standardise (legal) terminology to ensure consistent interpretation across languages, legal frameworks and national cultures.
3. Define clear contamination benchmarks for textile waste shipments to ensure that unintended inclusion of non-textiles does not lead to shipment rejection.
4. Implement a textiles-specific Authorised Economic Operator program with reciprocal recognition requirements
5. Enhance customs training to standardised code interpretation
6. Create dedicated HS codes for second-hand clothing within Chapters 61 and 62
7. Develop specific HS codes for recycled-content garments within existing clothing chapter

Recommendation 2: We encourage national governments to work with TRA and EuRIC to consult further with stakeholders in the SHC and textile recycling value chain in the global south to ensure that these reforms align with their needs and do not create future unintended consequences.

Consultation should minimally include representatives from major textile production, recycling and reuse partners of the EU/UK, Eastern Europe and the Global South: Turkey, Bangladesh, Ghana, Kenya, Romania, Vietnam.

Recommendation 3: National governments work with TRA and EuRIC, and other industry partners, including those in partner countries, to refine the proposal package and address specific details in policy design. This includes:

- Definition of the contamination benchmark
- Minimum thresholds for use of recycled content to qualify for new product code
- Details of a textile specific Authorised Economic Operator program

Talking Points

- The economics of the sector dictates that international shipment of SHC, textile recycling and waste will remain an important part of scaling up the circular textile economy.
- The current HS 6309 code - which underpin the logistics paperwork of this trade - creates legal ambiguity for industry, adding to risks and cost for the sector. Specific problems include:
 - HS code definitions do not match the practices within the industry
 - Codes does not differentiate between waste textiles, textiles for reuse and textiles for recycling.

- Language is ambiguous or undefined - and different customs officers across multiple jurisdictions use different interpretations of key terms -e.g. 'Worn' textiles.
- Lack of clarity about recycling or waste textile items outside Chapter 63
- The recommendations in this brief - co-created between industry and academics at the University of Cambridge - address these problems with trade codes. Specially reformed codes will:
 - Specify if shipments are waste textiles - allowing customs officers to better prevent textile waste dumping in global south markets
 - Reduce risks and costs associated with shipments – reducing cost base overall. This can support the sector to attract the £5.7billion /€7 billion investment needed by 2030 to deliver a circular textiles economy in Europe alone (McKinsey, 2022).
 - Differentiate products made from recycled content – allowing economic incentives to be developed.
- Implementing the reforms will require minimum financial investment - primarily to support education and training required *[add in cost data if available]*. The work completed by University of Cambridge, TRA and EuRIC identifies significant existing resources that can be activated to support trade code reform.
- The project was delivered with limited time and resources but nevertheless represents a broad range of consensus views on trade code reform across the industry.

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1. Introduction

Throughout 2024, the Centre for Resilience and Sustainable Development (CRSD), the Textile Recycling Association (TRA) and the European Recycling Industries' Confederation (EuRIC), collaborated with industry and policy stakeholders, to address the following challenge:

What proposals for HS and Basel Code reform should industry bodies advocate for by 2027 so that the codes meet the needs of a circular and sustainable textile economy?

In response, this action-research project develops new specifications for Harmonised System (HS) codes governing textile trade, including second-hand clothing, recycling materials, and textile waste.

This report outlines a systems based draft framework for reform of HS custom codes used in the trading of textiles for recycling, waste disposal or reuse as second-hand clothing (SHC). It includes specific proposals, identifies potential implementation resources and coalition-building opportunities, discusses potential challenges ('negative feedbacks') to reform and articulates areas that need additional development.

Rather than providing definitive solutions, the report aims to stimulate analysis and dialogue between industry and government stakeholders, serving as a foundation for further in-depth work. A draft government brief supporting these initiatives appears in Appendix 1.'

HS code reform represents just one element in the textile recycling and reuse sector's transition to a circular economy. While this report touches on related challenges—including building consensus on end-of-waste criteria, improving SHC quality, and stimulating market demand—these issues lie beyond the project's scope. The proposals presented here address specifically the trade code framework within this broader context and the report should be read in this context.

The report's structure follows three main sections: Section 2 establishes the need for reforming HS codes; Section 3 details the Cambridge Policy Boot Camp methodology developed by CRSD that was used throughout this project; and Section 4 presents draft proposals.

2. Why is HS Code Reform Needed?

The global textile recycling industry has a well established trade in second-hand clothing (SHC) and recycled fibres (McKinsey, 2022). Industry and government decision makers in the UK and EU aim to increase textile recycling and textile reuse (second-hand clothing) over the next decade.

For example, [Textiles 2030 program \(WRAP, UK\)](#) states the aim to:

...set up partnerships to supply and use recycled fibres for new products, accelerating the commercialisation of fibre-to-fibre recycling in the UK.

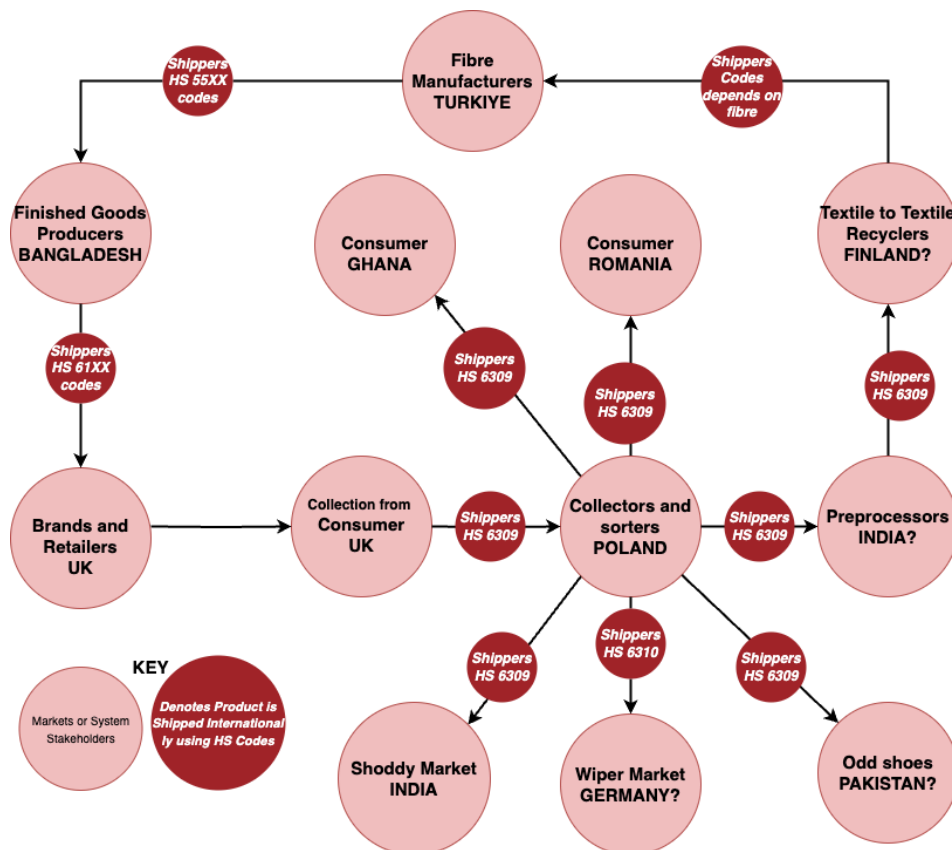
While the European Parliament (2024) has called for:

.....targets should be established for the prevention, collection, sorting, reuse and local reuse, as well as recycling and fibre-to-fibre recycling of textiles to support and drive technological development and the investments into infrastructure

The textile sector already has an established value chain for sorting, reusing and recycling textiles. Beyond this, the sector is undergoing rapid development spurred by the commercialisation of new technologies for sorting, recycling and reuse (Boschmeier et al, 2023). Like existing technology, the economics and technical characteristics of any new recycling technology will, at scale, necessitate some level of centralised infrastructure and trade across the global value chain. Cross-border trade, already integral to the sector's operations, will therefore remain critical to its growth.

Figure 1 tracks a representative journey of used textiles collected in the UK.

Figure 1: Systems view of HS6309 use in the global textile value chain



Source: UK Industry, pers. com and WCO (2022)

The logistics of this trade is underpinned by the use of the World Customs Organisation's HS Classification System ('HS System'). The HS system provides a standardised 'trade codes' used in

customs documentation, are the basis of trade statistics and are used by customs officials to determine compliance with import/export national regulations.

Most traders use a single customs code (HS 6309) for SHC and textile recycling shipments regardless of their position in the value chain, the quality of the trade item or their intended final use (Figure 1). Industry also reports that the HS Code 6310 is also used for shipment of rags and wipers. The key exception is the trade codes for yarn made from recycled fibre and products made with this yarn. For these shipments traders use product codes from Chapter 61 of the HS code system.

In addition, The Basel Convention's Annex B (Code B3030) classifies items traded under HS Codes 6309 and 6310 as 'wastes' (UNEP, 2023). While this classification exists, these items are exempt from notification requirements unless they are mixed with other waste types and display specific characteristics. Although the initial scope of this project encompassed both HS Codes and Basel Codes, resource constraints necessitated focusing primarily on HS Codes. This report therefore does not address the implications of textile waste designation under the Basel Convention, and we recommend this important aspect be examined in future research to provide a more comprehensive understanding of the regulatory framework.

Anecdotal evidence demonstrates that current customs codes are poorly specified, create legal ambiguity for shipments of SHC and textile for recycling and can significantly add to the risks and cost base of the sector. Two examples are:

1. **Different interpretations:** Under the European List of Waste, national authorities must determine whether textile exports are waste or not. By informal convention, exports under code 6309 are typically considered non-waste, while code 6310 denotes waste. However, national implementations differ (Watson et al, 2016). In Poland imports shipments of pre-sorted (original) textiles¹ - rags and textiles for reuse - under code 6309. Germany interprets all domestically collected textiles as waste and interprets the Basel Convention as covering shipments of used textiles (from elsewhere) as hazardous waste – requiring notification/certification requirements. In contrast, Finland does not interpret collections through charities and private collectors as waste (Watson et al, 2016, Danish Environment Agency, 2020).
2. **Trading waste as SHC:** The Organised Crime and Corruption Reporting Project (OCCRP) reports that the large amount of collected 'fast fashion' has fueled an illegal trade in textile waste that is shipped as second hand clothing into Romania through manipulation of paper work and lack of clear regulations (Ciurcanu, 2024)

The growth of textile recycling and second-hand clothing trade is essential for achieving circular economy goals in the textile sector. However, outdated HS customs codes are creating unnecessary barriers to this trade. Without urgent reform, these administrative constraints will continue to hinder the development of circular textile markets.

¹ Basic presorting is a process whereby collected shipments have large pieces of non-textile waste removed. No other sorting is undertaken.

Specific problems include:

HS code definitions of textile collections do not match the practices within the industry. In practice, donated textiles are often contaminated with foreign objects like papers, batteries etc.. which can technically classify an entire shipment as 'mixed waste' despite being predominantly textiles. This can lead to delays or rejections in shipments.

Code does not differentiate between waste, reuse and recycling. There is no specific trade code for textile waste, textiles for recycling, textiles for reuse or to differentiate between quality or end-use. (European Environment Agency, 2023, Duhoux et al, 2021). This makes it difficult for customs officials to distinguish valuable reusable textiles from unwanted waste, which risks textile waste laundering and prevents accurate trade monitoring.

Use of ambiguous or undefined language The HS code system guidance notes for interpretation of codes is patchy, confusing and consequently under utilised. Initial research for this project showed that codes for garments, accessories, footwear, household textiles, jewellery, etc... cover over fifteen chapters of the HS code system.

Lack of clarity about textile waste and SHC items outside Chapter 63 There are no specific waste or recycling codes for textiles outside of chapter 63. For example, headgear is covered under separate HS codes in Chapter 65 with no specific waste or second-hand use codes for these items.

Different jurisdictions use different definitions of textiles and of wastes. HS codes use ambiguous language that creates different meanings across languages. Interpretation by individual customs officers working at various transit or destination ports leads to ambiguity and uncertainty for traders (Policy Hub, 2022; industry representative, pers com.)

Industry dialogue revealed that HS code challenges are connected to broader systemic barriers limiting textile recycling and reuse. While stakeholders raised numerous issues beyond this project's scope, two key topics emerged that directly relate to HS code reform are:

1. **Lack of agreed consensus on definitions.** There are no agreed consensus or legal definitions of 'waste', 'reuse' and 'recycling' within industry and amongst government decision makers.

The European Commission's end-of-waste criteria, expected by 2026, will create clarity around when items can be reclassified from waste to products suitable for reuse or recycling (Directorate-General for Environment, 2022). Legislation implementing this definition is expected to take a further two years - although likely longer due to ongoing disagreements over key issues.

2. **Lack of financial incentives.** There is a lack of incentives or financial support to encourage the uptake of recycled fibres in the final products. The EU eco-design rules will be an important element of encouraging recycled fibre uptake. However, this has limited geographical application and increases costs for brands and producers.

We consider responses to these issues in Section 4.

3. Developing the Proposal: Action-Research & Co-design

This project utilised the Cambridge Policy Boot Camp (CPBC) methodology developed by Professor Nazia M Habib, at the Centre for Resilience and Sustainable Development.

The CPBC is an agile approach designed to quickly identify potential governance and institutional solutions for a strategic challenge facing stakeholders in a complex adaptive system. The activities in the CPBC integrate insights from multiple disciplines, perspectives and from multiple stakeholders to generate resilient solutions within the given context and limited resources.

The project team implemented the CPBC through an interactive six-stage process:

1. **Desktop research** and analysis by University of Cambridge researchers to scope out challenges and opportunities, capturing findings in an initial [Challenge Note](#) distributed to project participants.
2. **Knowledge exchange:** Ongoing dialogues between academic researchers (CRSD) and industry practitioners (TRA/EuRIC) facilitated the exchange of expertise on textile supply chain operations, systems behaviour and technical processes.
3. **Two participatory workshops:**
 - a. CPBC Participatory Workshop, 9 September, 2024
 - b. Trade Codes Technical Workshop, 23 October, 2024

The CPBC participatory workshop was used to ideate new proposals for trade code reform, identify resources within the system that could be used to support these proposals ('untapped assets') and identify unintended consequences of trade code reform. The technical work was used to refine and narrow down options into a cohesive proposal incorporating additional data from interviews and field visits.

4. **Field Visits** to test the potential impact of draft proposals on recycling operators:
 - a. Boer Group, Dordrecht, The Netherlands, 12 September 2024
 - b. Wilcox Group (TRI Group), Bilston, UK, 16 October 2024
5. **One-to-one interviews** and discussions with technical experts across the textile recycling and reuse value chains. This included:
 - a. Two representatives from a manufacturer of recycled textile fibres
 - b. Three experts in international customs regulations
 - c. Two representatives from textile sorters working in social enterprises
 - d. Three representatives from NGOs working in textile recycling and waste
6. **Desktop analysis** to develop and finalise the proposal by University of Cambridge researchers.

At each stage, CRSD worked closely with TRA and EuRIC and other stakeholders to ensure that proposals reflect the needs, and context, faced by industry. A full list of organisations participating in this project is listed in table 2.

Table 1: List of Participating Organisations

| Participating Organisations | |
|---|---------------------------------------|
| RREUSE | Texcycle |
| Tess-Geie | Re-matters |
| British Heart Foundation | Textile Exchange |
| H&M | TRI Group |
| WRAP | European Branded Clothing Association |
| Lycra | Indorama Ventures |
| Senior Buyer for major high street brand (attending in personal capacity) | Refashion |
| Denuo | Bossa |
| BACT | European Environmental Bureau |
| Chamber Customs | Policy Hub |
| Bank Vogue | Boer Group |
| Textile Recycling Association | |

Source: CRSD

4. Proposed Reforms and Recommendations

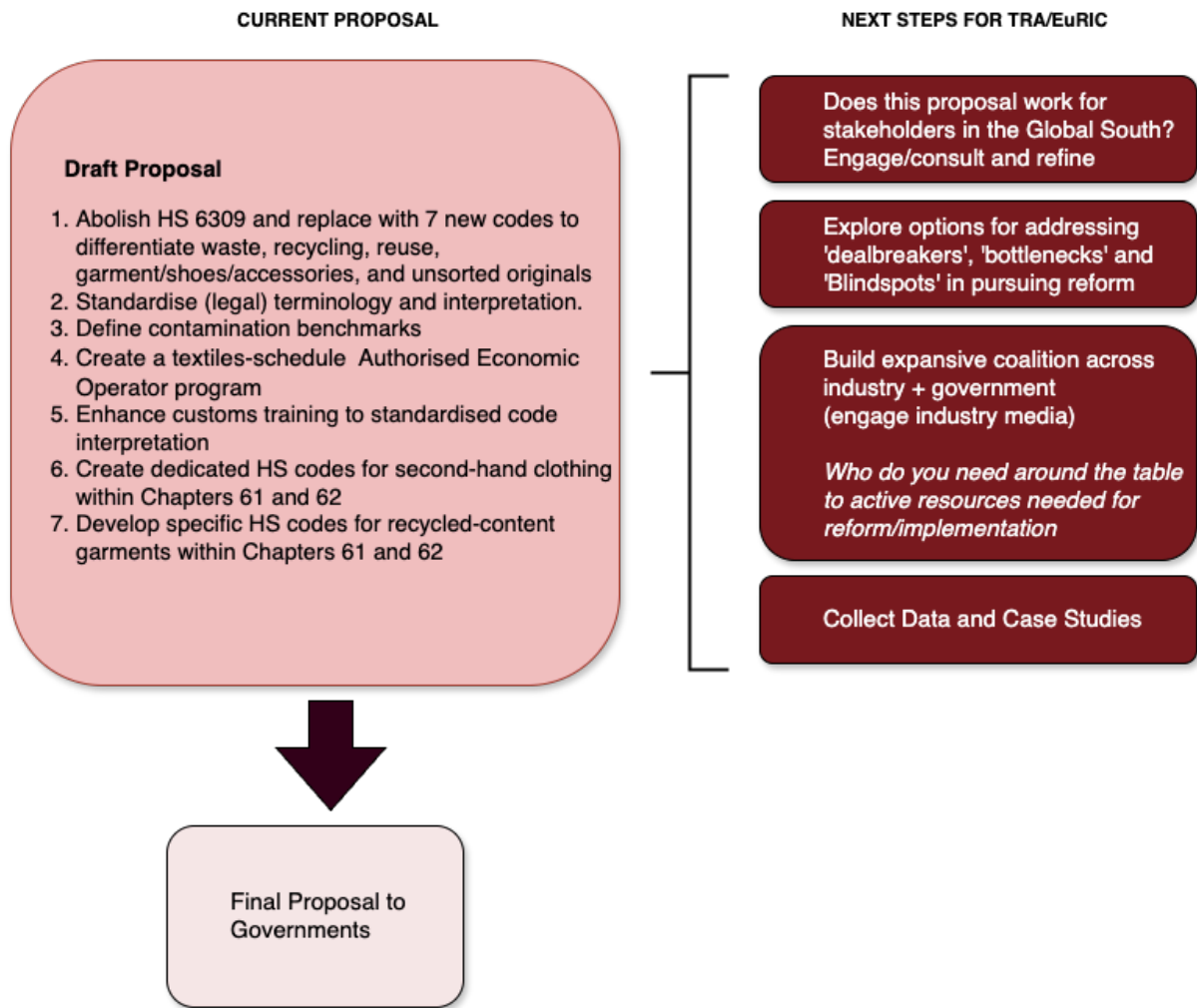
This section presents a draft proposal for consideration by EuRIC, the TRA and other industry stakeholders to use in their advocacy programs with national governments.

In addition, this section outlines recommendations for TRA and EuRIC to refine their draft proposal before submitting it to national governments. Both sets of recommendations are summarised in Figure 2 and are discussed in detail below. The technical ‘bubble diagram’ used to display research results from the CPBC is included for reference in Appendix 2.

4.1. Initial Proposals

Through the CPBC process, TRA/EuRIC and industry stakeholders co-developed a package of seven reform proposals - which are described below. Together, these proposals create a comprehensive draft framework to ensure that the HS codes effectively support growth in the textile recycling and reuse sector. Linkages between the proposal and the challenges discussed in Section 2 are included in table 3.

Figure 2: Draft Proposal and Next Steps



Source: CRSD analysis

Strategy 1: Removing HS 6309 and HS 6310 Codes and replacing it with Seven new codes.

The HS 6309 code is currently used as a 'big bucket' category to classify multiple types of shipments of SHC, recycled textiles and textile waste across borders. This strategy would 'break open' the single code by abolishing HS 6309 and replacing it with seven new codes aligned with the end-use of the shipment. These categories are:

1. Shipments of textiles, shoe uppers intended for recycling or accessories of any type, in processed, semi-processed or unprocessed form, intended for fibre recycling and subsequent remanufacture into products..
2. Reuse clothing - shipments of clothing items of any type intended for second-hand clothing markets
3. Reuse shoes - shipments of shoes of any type intended for second-hand clothing markets

4. Reuse accessories - shipments of accessory items (bags, belts, hats, gloves etc...) of any type intended for second-hand clothing markets
5. Reuse functional and household textiles - shipments of any other non-wearable textile items of any type intended for second-hand clothing markets²
6. Textile Waste - shipments of any textiles shoes and accessories, from any source, bound for end-of-waste disposal in a waste management facility
7. Unsorted Textiles - shipments of any textiles, shoes or accessories that are unsorted or classified as 'originals' by industry.

Several research participants put forward an alternative specification for HS 6309. These suggestions were:

1. A new single code for Fibre stock for recycling, with subcodes for textiles, shoe uppers intended for recycling
2. A new single code for reuse items, with subcodes for different types of textiles - clothing, clothing, accessories, household textiles.
3. The category for unsorted textiles could include shipments that have undergone an initial 'presorting stage to remove non-target items.

To maintain system coherence, reforms to HS codes 6309 and 6310 should align with ongoing developments in minimum textile sorting standards and emerging end-of-waste criteria frameworks. This coordination is essential to ensure harmonized policy approaches across the textile value chain.

These categories should replace HS 6309 entirely rather than serve as subcodes. If the WCO implements these as subcodes, traders could default to the existing generic HS 6309 classification, undermining the reform's benefits.

Strategy 2: Consistent Legal Language

This strategy will review and revise language used in the HS 6309 and other HS codes for textiles to ensure consistency in meaning and interpretation across customs organisations and across languages. Particular focus should be on developing consistent definitions for the terms "worn" and "used". This work could build on the current WCO review of HS Codes.

A key challenge to HS Code Reform is the lack of commonly agreed definitions of the key terms of 'waste', 'textiles' and 'recycling'. As noted above, EU policy processes around end-of-waste criteria development will likely face delays. Consequently, industry may wish to create their own definitions. There are several sources available for industry - as a starting point - to pursue language standardisation:

1. In 2024, WRAP and the TRA developed a dictionary of *Textiles Reuse and Recycling Definitions* for commonly used terms in the textile sector.

² Stakeholders highlight that in the industry household textiles are often referred to as "2D" textiles to differentiate them from garments and textiles used in furniture (3D textiles)

2. ISO Textiles - Environmental Aspects Vocabulary
3. Definitions used by multiple industry standards managed by Textile Exchange

Academic studies. For example, one study Nørup et al (2018) (Table 2) sets out definitions for reuse, recycling and waste based on field data drawn from textile sorting facilities (Table 2). Various terms and definitions are currently used across the sector to describe similar processes and products (WRAP, 2024). Therefore standardisation is likely to require compromise. As an example, several stakeholders have pointed out that Nørup et al (2018)'s definition does not include definitions for damaged or unsold stock (although this is in WRAP 2024). Additionally, stakeholders will define rags (wipers) as recycled textiles (downcycling), rather than as reuse items.

Table 2: Researched Base Definitions of Reuse, Recycling and Waste

| Category | Definition |
|-----------|--|
| Reuse | (A) Product types that can definitely be reused. (B) Product types that still are functional but have minor defects. The products are kept by their owner, mended or sent to a professional sorting centre. The definitions of textiles with minor defects that are still reusable are based on the international market for low quality clothing and household textiles and consist of products with small stains, minor holes and broken zippers. (C) Rags (wipers), as these do not fit in the normal reuse system. They can still serve their purpose, even with stains. Avoidable conditions are not a hindrance for reuse. |
| Recycling | Product types that are not reusable but can be recycled. The recyclability of a textile product is determined by its fibre composition, how it is produced and its size. Avoidable conditions are not an obstacle to recycling. |
| Waste | Product types that cannot fulfil the requirements for being reused or recycled. |

Source: Nørup et al (2018)

Strategy 3: Contamination Benchmarks

This strategy will establish an industry wide benchmark for contamination of sorted shipments to minimise the rejection rate of cargo due to unintended inclusion of 'non-target' items. For example, the accidental inclusion of a battery, paper or hanger in a clothing shipment will not, up to a threshold, be subject to rejection.

Further work is required to determine the definition of this threshold and whether it is measured by volume or weight of the shipment. One issue to consider in setting thresholds and measurements is what to do with contaminants found in shipments. In countries with a well defined waste management system, contaminate items can be adequately managed by the importer/buyer. For shipment bound for destinations without adequate waste management systems, the industry may wish to develop further guidelines around the removal and disposal of any contamination found.

Building on industry standards of waste composition studies, a starting point is to consider benchmarks as a minimum share of weight of the entire shipment.

Strategy 4: New HS product codes for new garments made from recycled fibres.

This strategy will create new HS product codes - or sub codes - that would mirror existing product codes for textile and related products in Chapters 61 and 62.

Currently, for technical reasons, most textile products use a mix of recycling and first use (virgin) fibres. This strategy would require setting a minimum level of recycled fibre content to qualify for the trade code. National governments could then use these separate trade codes to levy lower tariff rates and thereby create an economic incentive for their use.

Additional analysis is required to determine appropriate minimum threshold levels and how those thresholds are defined and measured. Options include:

- Having different specifications for use of recycled feedstock derived from pre-consumer waste and post-consumer waste. This would enable post-consumer waste to attract a lower tariff rating to reflect its more complex - and expensive - production processes.
- Aligning minimum thresholds with EU policy for eco-design principles
- Aligning minimum thresholds with existing certification standards commonly used in industry. For example the Global Recycling Standard managed by Textile Exchange.
- Using [ISO standard definitions](#) for environmental aspects of textiles.

Strategy 5: New HS product codes for vintage quality SHC sold in premium markets

This strategy will establish a new HS product code - or subcode - to cover very high quality SHC sold in premium vintage markets - usually in the developed economies. These are differentiated from items traded under HS 6309 by the quality of the clothing items traded, the market price they receive and the packaging. Under this code, items in this code are individually packed and tagged in a way that is analogous to new clothing items.

Strategy 6: Develop a textile stream to the Authorised Economic Operator program

The WCO developed the Authorised Economic Operator Scheme (AEO) to certify good operators within the trading system, who are then provided with less onerous pathways through customs clearance etc... (World Customs Organisation, 2020). National governments implement the voluntary AEO system for its national business. Trading partners then establish reciprocal arrangements. This proposal would develop specific criteria for textile recycling businesses to join the AEO system - for example, ensuring compliance with documentation, HS 6309 criteria, contamination benchmarks etc.....

Strategy 7: Revitalise customs education

Customs officials already use various tools and documentation to help classify textiles accurately, including detailed guidance notes for Chapter 63. Our research suggests these

resources are underutilised. This strategy aims to enhance existing documentation and educational materials to provide clearer direction for applying HS 6309 and related codes.

4.2. Resources for Reform (Untapped Assets)

The CPBC workshop enabled stakeholders to identify the ‘untapped assets’ or resources that already exist within a system that could be activated to support HS code reform. This activity highlights the range of resources already available to decision makers, and reduces the need (or perception) that substantial additional resources or finance is needed – thus lowering the cost of reform. Overall, project participants identified twenty-one unique different existing systems resources that could be used in the reform process. The potential use of each resource to each reform proposal is mapped in Table 3.

4.3. Next Steps for TRA/EuRIC

Figure 2 identifies five additional steps or actions that EuRIC and TRA could undertake as it develops the draft proposal for future advocacy work. These steps were identified as part of the CPBC process and are discussed as follows.

Consultation with stakeholders from the Global South

Reform of HS codes has global scope in line with the intergovernmental membership of the WCO. Due to time and budget constraints, stakeholders within textile value chain stakeholders operating the global south were underrepresented into the CPBC process.

CPBC participants identified with stakeholders from the following countries should be invited to participate in the finalisation of HS Code proposal: Turkey, Vietnam, India, Bangladesh, China, Ghana and Kenya.

Dealing with ‘dealbreakers’, ‘bottlenecks’ and ‘blind spots’

While policy analysis typically focuses on success factors, understanding potential causes of policy/strategy failure is crucial for effective risk management in pursuing system transformation. The CPBC framework identifies three types of these ‘unintended consequences’: deal breakers (threats), bottlenecks (resource constraints), and blindspots (faulty assumptions). Our research identified several such risks, some of which are addressed in section 4.1 as part of the draft proposal, the rest of which are discussed below.

Of the remaining potential threats - ‘**dealbreakers**’ - for pursuing HS reform, four require additional attention:

- Government policy makers should work closely with TRA/EuRIC, and major producer organisations³ in the value chain to ensure that HS code reforms are both pragmatic and

³ This refers to the broad range of commercial, social economy and not for profit organisations that work throughout the textile collection, recycling and reuse value chain.

cost-effective for industry and government stakeholders. Highlighting the system's existing untapped assets (detailed in Appendix 2) can help demonstrate the proposal's value proposition.

- Agreement of HS code reform at the WCO level must have adequate resources for staff training, education and implementation support - particularly for customs services in the global south. This commitment to proper execution will be crucial for long-term success.
- The industry must proactively address potential concerns about waste management transparency - to avoid allegations of 'waste laundering'. Developing a clear, positive narrative in partnership with industry stakeholders and media outlets early in the reform process can help prevent misinterpretation of the initiative as an attempt to circumvent proper textile waste handling procedures. Such narratives could build on constructive strategies being undertaken by the sector to avoid waste dumping - such as minimum sorting criteria or application of end-of-waste criteria to promote fibre recycling.
- The lack of mutual recognition for textile Authorised Economic Operator (AEO) status among major trading nations remains a significant challenge that needs to be addressed within the broader reform framework.

Success in HS trade code reform also requires addressing two resource constraints - **'bottlenecks'** - that need to be overcome:

- Current awareness of Harmonised System (HS) code challenges among policymakers remains insufficient. A targeted education campaign will be essential to elevate trade code reform as a priority for national governments and at the World Customs Organization (WCO). Strategic engagement with industry media can help build understanding and momentum for these reforms.
- Policymakers must recognise that international textile trade will remain vital even as some regions pursue industry re-shoring initiatives. This understanding is crucial for balanced policy development that supports both domestic manufacturing and necessary international trade flows.
- Given that WCO's HS code reform process typically spans five years, with the next review cycle beginning in 2027, implementing interim solutions is critical. Developing and deploying temporary strategies to address current HS code limitations will help bridge the gap until comprehensive reforms can be enacted.

HS trade code reform makes several assumptions - **'blind spots'** - that, if not true, could undermine the success of reform efforts. Major assumptions include:

- Interactions between the proposed HS Code changes and requirements under the Basel Convention requirement for non-mixing of waste types. For example if a shipment of items designated as 'reuse' under strategy 1 has a mix of shoes, clothing and accessories, it is unclear if this contravenes the Basel Convention.
- Level of interest and prioritisation of governments in global south partner countries in HS trade code reform for recycled textiles. Lack of support may undermine success at the WCO.

- Assuming end markets for SHC will remain static. For example, African countries may reduce the purchase of SHC in favour of fast fashion. Other countries may develop high demand for SHC.
- Assuming that textile recycling and SHC is a policy objective for all countries.

Table 3: Relationship between Proposal and Challenges

| Proposal HS Code Reform | Address Which Challenge? | By..... |
|--|---|---|
| <p>Removing HS 6309 Code and replacing it with seven new codes.</p> | <ul style="list-style-type: none"> • HS and Basel code definitions of textile collections do not match the practices within the industry • Code does not differentiate between items bound for recycling versus items bound for second-hand markets • Lack of clarity about textile items outside Chapter 63 | <p>Using broad industry definitions of textile waste, recycling, reuse as the basis of new codes. This aligns HS code documentation with industry practice.</p> <p>Explicitly incorporates accessories, footwear and other textile items into the new codes.</p> |
| <p>Consistent Legal Language</p> | <ul style="list-style-type: none"> • Use of ambiguous or undefined language • Different jurisdictions use different definitions of textiles and wastes. | <p>Recognising and documenting the conceptual ambiguity in the current language. Working towards consensus definitions and interpretations of key terms.</p> <p>Ensuring that key terms carry common conceptualisations across different languages.</p> |
| <p>Contamination Benchmarks</p> | <ul style="list-style-type: none"> • HS code definitions of textile collections do not match the practices within the industry • Different jurisdictions use different definitions of textiles and wastes. | <p>Recognising that unintended contamination does occur. Where 'mixing' of non-textile waste and textiles is considered 'unintentional' (using a consensus definition) then this will not lead to rejection of shipments.</p> |
| <p>New HS product codes for new garments made from recycled fibres.</p> | <p>Code does not differentiate between items bound for recycling versus items bound for second-hand market</p> | <p>Separating codes for new garments made from recycled fibres from codes of garments made from virgin (first use) fibres will create a pathway for governments to levy differential tariffs. This can create an incentive for use of recycled fibres and increase the value of textiles bound for recycling.</p> |

| | | |
|--|--|--|
| <p>Develop a textile stream to the Authorised Economic Operator program</p> | <ul style="list-style-type: none"> • Use of ambiguous or undefined language • Different jurisdictions use different definitions of textiles and wastes. • HS Code definitions of textile collections do not match the practices within the industry | <p>Creating an industry standard around broad definitions of key terms.</p> <p>A government backed industry standard for good practice – already used in the sector, this reform would reward ‘good actors’ with lower cost customs procedures.</p> |
| <p>New HS product codes for vintage quality SHC sold in premium markets</p> | <p>HS code definitions of textile collections do not match the practices within the industry</p> | <p>Recognising that there are premium markets for high quality SHC that requires packaging and marketing akin to that of new products.</p> <p>Reduce tariffs required for SHC sales in this market sector.</p> <p>Recognising that SHC in this category are not packaged or shipped using the same methods for reused textiles shipped under HS 6309</p> |
| <p>Revitalise Customs Education</p> | <ul style="list-style-type: none"> • Use of ambiguous or undefined language • Lack of clarity about textile items outside Chapter 63 | <p>Making better use of existing customs education tools through improved use and clarify code interpretation documents.</p> |

4.4. Partners for Coalition Building

Who do they need to work with: The TRA and EuRIC will need to collaborate with strategic partners and organisations to advocate for HS code reform at the national level and pursue implementation through the WCO. In addition, partnering with strategic organisations will help unlock the ‘untapped assets’ that can be used in the reform process. Table 4 list a set potential strategic partners across different categories.

To amplify advocacy activities, TRA/EuRIC could engage with specialised trade media partners to raise the profile across the sector. Strategic media coverage would demonstrate the reform's broader economic benefits to government policy makers - and increase their perception of the benefits of reform. Table 4 identifies key media organizations for potential partnership

Table 4: Strategic Partners for Advocacy and Unlocking Untapped Assets

| Type | Strategic Partners | |
|---|---|--------------|
| Government Agencies | National customers authorities | |
| | Foreign affairs ministries | |
| | Government economic ministries (treasury) | |
| | National industry ministries | |
| | National environment ministries | |
| Intergovernmental Organisations | World Customs Organisation Secretariat | |
| | European Commission | |
| Industry/Companies | Major textile collectors/sorters (global north/global south) | |
| | logistics companies | |
| | Textile recycling companies (mechanical/chemical) | |
| | Textile collection networks/service providers (charities/commercial) | |
| | SHC clothing market representatives (global north/global south) | |
| | Customs training agencies | |
| | Customs brokers | |
| | Logistics companies | |
| | Industry and Representative Bodies | Fashion Pact |
| | | Policy Hub |
| European Branded Clothing Association | | |
| Textile recycling industry associations in the global south | | |
| Accelerating Circularity | | |
| International Federation of Customs Brokers Association | | |
| | Textile Exchange and other textile standards secretariats (e.g. GOTS) | |

| | |
|--------------------|---|
| | Logistics Associations - e.g. the Chartered Institute of Logistics and Transport - UK |
| Technical Advisors | Textile verification companies |
| | Customs legal experts |
| | Logistics experts |
| Industry Media | Sourcing Journal |
| | The Fashion Law |
| | Business of Fashion |
| | Textile World |
| | Ecotextile News |
| | Kyna Journal |

Table 5: Identified Untapped Assets for HS Code Reform Implementation

| Proposed Strategy | Untapped Resources available to support implementation of each strategy |
|---|---|
| Reforming HS 6309 Code. | <ul style="list-style-type: none"> • HS Code 2022 Edition • Basel Convention Codes • Mechanical recycling • Chemical recycling • Digital Product Passports • NEAR Infra-red technology • Increased popularity of SHC • Changing language around recycling |
| Consistent Legal Language | <ul style="list-style-type: none"> • HS Code 2022 Edition • Basel Convention Codes • Changing language around recycling • Bilateral + multilateral trade agreements • WCO guidance • Logistics companies procedures • National Customs codes |
| Contamination Benchmarks | <ul style="list-style-type: none"> • Sorting methodologies • Social enterprise business in value chain • Culture of ethical business • Customs brokers procedures • Logistics companies procedures • Knowledge about textile collection methods • Customs training courses • Logistics companies procedures • National Customs codes |
| New HS product codes for garments made from recycled fibres | <ul style="list-style-type: none"> • HS Code 2022 Edition • Changing language around recycling • Increasing awareness of recycled textiles • Increased popularity of SHC |

| | |
|--|---|
| | <ul style="list-style-type: none"> • Mechanical recycling • Chemical recycling • Digital Product Passports |
| New HS product codes for vintage quality SHC sold in premium markets | <ul style="list-style-type: none"> • HS Code 2022 Edition • Changing language around recycling • Increased popularity of SHC |
| Develop a textile stream to the Authorised Economic Operator program | <ul style="list-style-type: none"> • Customs Officers Procedures • Logistics companies procedures • Social enterprise business in value chain • Culture of ethical business • Digital Product Passports • Knowledge about textile collection methods • Textile Standards + regulation + verification • Customs Brokers Procedures • National Customs Codes |
| Revitalise customs education | <ul style="list-style-type: none"> • HS Code 2022 Edition • Customs training courses • Digital Product Passports • National Customs Codes • Customs Brokers Procedures • Bilateral + multilateral trade agreements • Customs Officers Procedures • Logistics companies procedures |

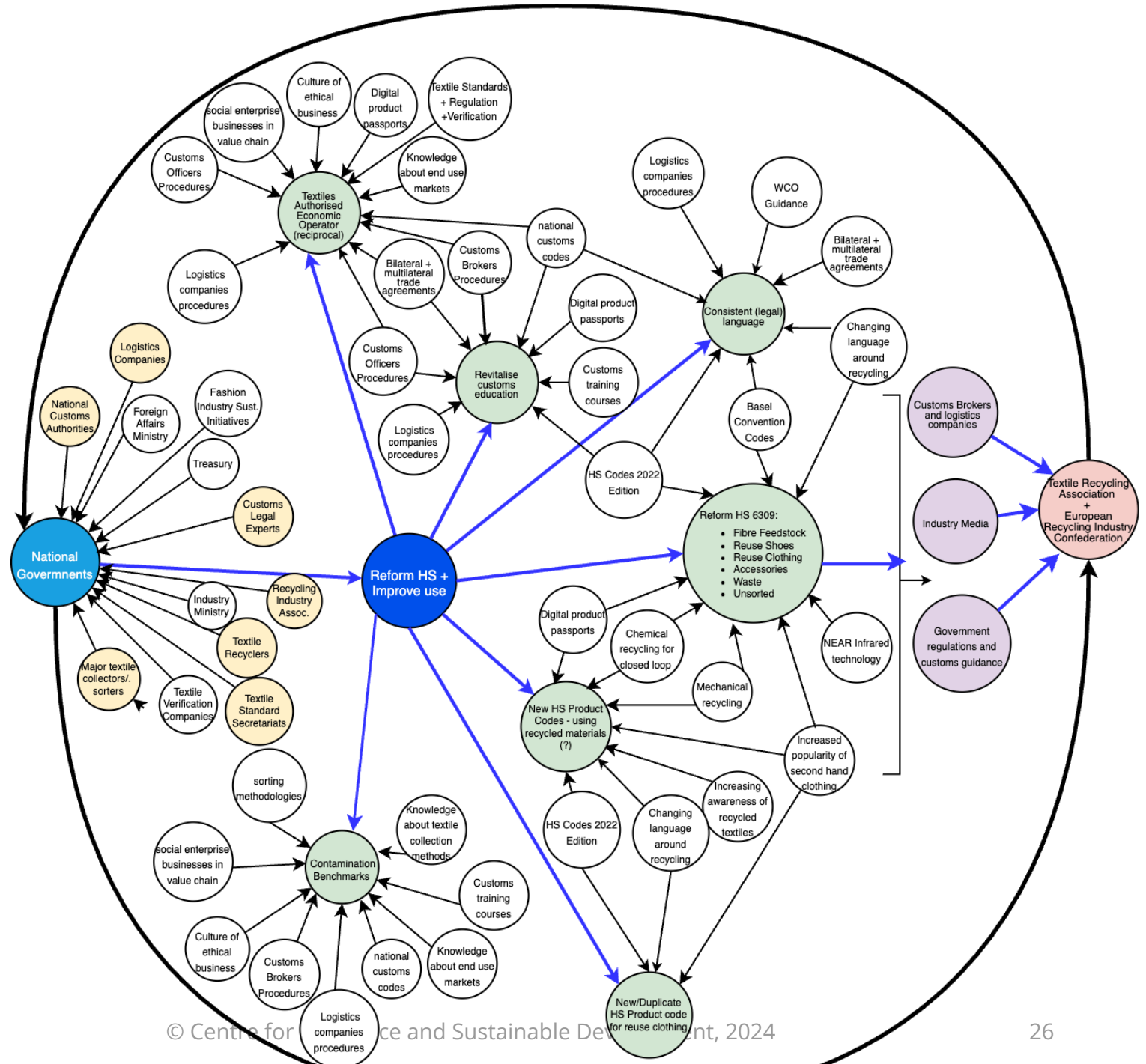
Appendix 1: Visual Representation of HS Code Reform

Figure 5: Visual Representation of Proposal for Trade Code Reform

Legend

- Policy Objective
- Policy Partners (existing stakeholders)
- Reform Strategies
- Untapped System Assets
- Policy Owner (Government)
- Ally to Policy Owner
- Mechanisms for Policy Visibility
- ➔ Interconnected Strategies and Stakeholders
- Feedback

Source: CRSD Analysis



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