

Re-connecting Value Chains

by Jesse Marsh

The Challenge

Through a succession of waves starting in the 1960s, production capacity and employment in the European Textile and Clothing (T&C) industry were continuously reduced and moved overseas. Former colonies and the South and East Mediterranean countries were the first destinations of this move, which continued through the 1990s. Later, after the fall of the Berlin Wall, the globalisation of economies increased its pace and the destination of relocations shifted to Central and Eastern European countries first, and then with the emergence of China and neighbouring countries, to the Far East.

A vicious circle accelerated these moves by creating gaps in the value chain in several areas of Europe, which in turn jeopardised the survival of those who remained. As an example, London designers were forced in 2005 to go to Cholet, France, to find facilities to prototype their creations after all prototyping capacities had moved abroad. In recent years, this finally led them, not without some difficulty, to rebuild prototyping skills and capacities in the UK.

In several EU-funded projects from the 2005-2010 period, the consequences of the disappearance of some parts of the value chain – in terms of loss of skills and know-how – were further identified (ProCrisis) and studied (Passage). These projects proved that there were losses of competitive advantage for the T&C sector (and beyond) not only in terms of production but also for innovation capacity. This situation would require years to overcome unless the related knowledge were in some way saved for future transmission.

Maintaining and re-connecting value chains today means transforming the vicious circles created by such gaps into virtuous ones. This aims to avoid further losses in know-how and competitive advantage that could jeopardise any effort to relocate part of production capacities back into Europe, a goal the TCBL project is committed to contribute towards.

In TCBL, we have demonstrated that this value-chain approach is also well suited to implement viable traceability mechanisms for labelling and certifying the environmental, social and business sustainability of European producers. This can give them the opportunity to appropriately respond to changing consumers' demands and transform these responses into a source of competitive advantage.

The strategic goal of maintaining and re-connecting value chains was not set explicitly as a priority in the initial TCBL project description, but it naturally emerged from the needs expressed bottom up by TCBL Associates in the project's early stages. Our work in responding to these requests, building on the previous experience of project partners on these issues, has led not only to tangible results but also to important insights that we present here.

The Business Cases

In TCBL, the value chain approach was introduced for the first time in late 2016 through proposals[1] submitted by several Greek cotton producers and ginnerers, as TCBL First Call Associates working in the early stages of the value chain. Their expectation was to have, through TCBL, their strive for natural quality duly recognised at the EU level. Thanks to that recognition, they were hoping to generate enough revenues and motivation to maintain and develop their efforts to produce cotton more sustainably and be able to sell it in Europe with less attention to price as the only competitive factor. In fact, 90% of production from the area (which accounts for more than 80% of all cotton grown in Europe) is exported outside the EU through intermediaries who have very little consideration for quality and sustainability.

A second case emerged some months later[2], inspired by the interest expressed by other TCBL Associates for exploring sustainability and traceability issues in textile production. Their purpose was to engage in collective actions across the value chain to mitigate the unsustainable environmental impacts of the use of chemicals in textile processes.[3] This led to the definition of the Eco-Friendly Production Business Case, launched by a cluster of companies in the Prato district.

Based on the progress made in these areas, a redefinition of the workplan in the 2nd year of the TCBL project expressly included the goal of "Re-connecting Value Chains" as one of the priority lines of activity. As a result, the two Business Cases above became functional to the instrumental objectives of re-introducing natural fibres in current T&C production and reducing chemical usage all along the value chain (with a special emphasis on the Textile industry). The actions under this new priority line contribute to the expected impacts of TCBL resulting in a 20% footprint reduction and a 5% return of delocalised manufacturing to Europe. The above cases and the first results of this priority line are documented in a Handbook published in 2018.[4]

The Natural Cotton Business Case rapidly generated significant interest among European companies treating or including cotton in their processes at different points along the value chain, from field to shop. Factors of success include the dynamism of the TCBL Associates leading the case, the lack of awareness of the very existence of Natural Cotton grown in the EU, the emergent interest in sustainable and traceable raw materials from the other end of the value chain (designers and producers of clothing), and the tangible results " prototypes of traceable final products " attained during the first experiments.

The work on re-connecting value chains also revealed another effect of the gaps discussed above. When a step is broken (in the case of cotton, spinning), the previous step (ginning) cannot find a local market for production and must export. This means that not only is the added value of this broken step lost for the local economy, but the following step (weaving and knitting) also loses a potential source of competitive advantage in the local provision of raw materials, and its survival is equally threatened. The most immediate environmental

consequence of this fallout notably includes the multiplication of the distance travelled for the materials that make up a final product.

After its initial success, the lessons learned from the experiments with Cotton were transferred to other natural fibres. The involvement of Silk companies began in the third year of TCBL, while Hemp was introduced in the final year of the project, as illustrated by several contributions from French, Romanian, Polish and Slovenian Associates at the #TCBL_2019 Conference held in Iasi, Romania. Some preliminary discussions with French TCBL Associates could lead to additional projects with Linen next year. Finally, an interesting initiative of TCBL Associate Alexia Tronel was presented in Iasi: a startup named Itinérance which builds on the Mediterranean value chain for Wool and the preservation and valorisation of the know-how, skills and cultural heritage associated with it[5].

The Eco-friendly production case has also pursued its activities throughout the TCBL project and concluded with a tangible implementation of quality compliance protocols on the online Thela tool,[6] as recommended by TCBL. These protocols are supported by three different questionnaires for Supply chain companies, Raw material suppliers and Final producers.

Additionally, during the final year of TCBL, new projects have been carried out, extending our experimentation to the value chain of clothing. One aims at a radical elimination of production waste (Bivolino's Designers' Collaborative, with its own designer community for made-to-measure shirts[7]) and another proposes a new way to consume clothing (My Yorkshire Wardrobe, with an original AI-driven rental service for men).

Next Steps

The invitation to Re-connect Value Chains has proven to be very attractive throughout the TCBL project's lifetime, as the main Business Cases (Natural Fibres and Eco-friendly Production) were among those attracting the greatest interest from new and existing Associates. Continuation of work in these areas will be vital to maintaining the innovation capacity of the network in its new life under the coordination of the TCBL Foundation.

More specifically, the Eco-friendly Production pilot now has a solution to offer through the Thela platform which can be promoted to new supply chain companies, raw material suppliers and textile producers. The TCBL Foundation and its associated "TCBL Ltd" service company can use these protocols to support their outreach to companies aiming to transform their existing processes into more sustainable ones, including the adoption of natural fibres of vegetable origin and certified quality. This could include businesses from Greece and Spain for Cotton; Italy and Greece for Silk; Romania, France, Poland and Slovenia for Hemp; and France and Belgium for Linen.

The use of identified, natural and sustainable vegetal fibres of EU origin and the new products (intermediary and final) made with them can then be promoted to the entire value chain, especially that part of it from clothing design through to recycling. This activity can

also include final consumers with similar concerns, engaging with strategic partners such as Fashion Revolution.

We also plan to initiate a pilot dealing with the Wool case, as the interest in rebuilding a wool value chain in Greece has been raised by the Itinérance project while discussions on consolidating existing value chains in Italy and the UK have started in the #TCBL_2019 conference in Iasi, Romania.

Likewise, the projects focussing on the "end loop" of the value-chain (from clothing production to commercialisation and recycling) have shown a real interest of existing enterprises such as Bivolino to build stronger connections around their initial experiments. More radical innovations like My Yorkshire Wardrobe have demonstrated the existence of profit margins for start-ups introducing alternative business models that can exploit consumers' environmental concerns to create sustainable value. The identification, support and promotion of new projects like these will be an important strand of activity for the TCBL Foundation in the coming years.

[1] https://issuu.com/tcbl/docs/natural_cotton_business_case

[2] D4.2 ANNEX III Description of EcoFriendly Production Business

[3] <https://www.greenpeace.org/international/act/detox/>

[4] https://issuu.com/tcbl/docs/re-connecting_value_chains

[5] <https://youtu.be/9Zpc3wUY9o4>

[6] Thela is a platform for supply chain management, provided by TCBL partner Cleviria, that is used to manage and evaluate the self-assessment checklists of aspiring TCBL Associates. <https://thela.cleviria.it/>

[7] Designers' Collaborative https://issuu.com/tcbl/docs/designers_collaborative