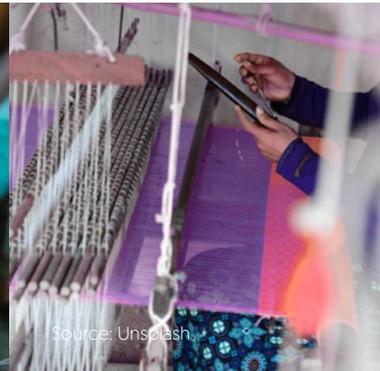
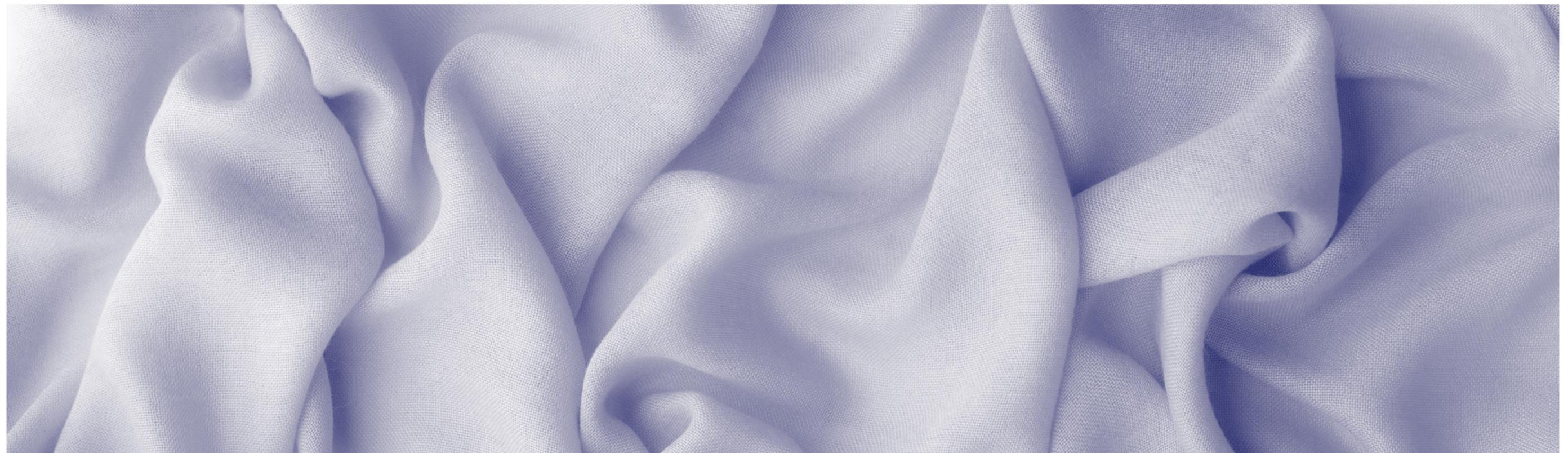


# Exporting Sustainable Textiles from Cambodia to Europe



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## The EU market for Sustainable Textiles

Europe is a key market for sustainable textiles, especially for clothing, furniture, buildings, vehicles, as well as medical and protective equipment.

Europeans throw away an average of 11 kg of textiles every year.<sup>1</sup> Globally, the equivalent of one truckload of textiles is sent to a landfill or incinerated every second.

Environmental concern is widespread in Europe and consumers are gradually shifting to more sustainable lifestyles. They expect the textile industry to answer these changes in habits and be more responsible regarding environmental and social issues. Producers approach this relatively new concern from numerous angles including the use of sustainable and alternative materials, chemical management, climate neutrality, material recycling and upcycling, more sustainable production techniques, and animal-friendly policies.

**Suppliers from developing countries that will be the fastest to adapt their sourcing and production to these trends will likely be the best performing in the European market.**

The objective of this guide is to raise awareness regarding opportunities in the European market for sustainable textiles from Cambodia, as well as guide exporters on the basic steps they need to take to get their products on the market.

**As it is the largest market in the textile industry, this guide will specifically focus on the apparel and garment industries.**

## I Product definition

### 1 Presentation of the product

Sustainable textiles are developed, manufactured, and produced in an ethical and responsible manner by considering the environmental and social implications of the product throughout its lifespan.

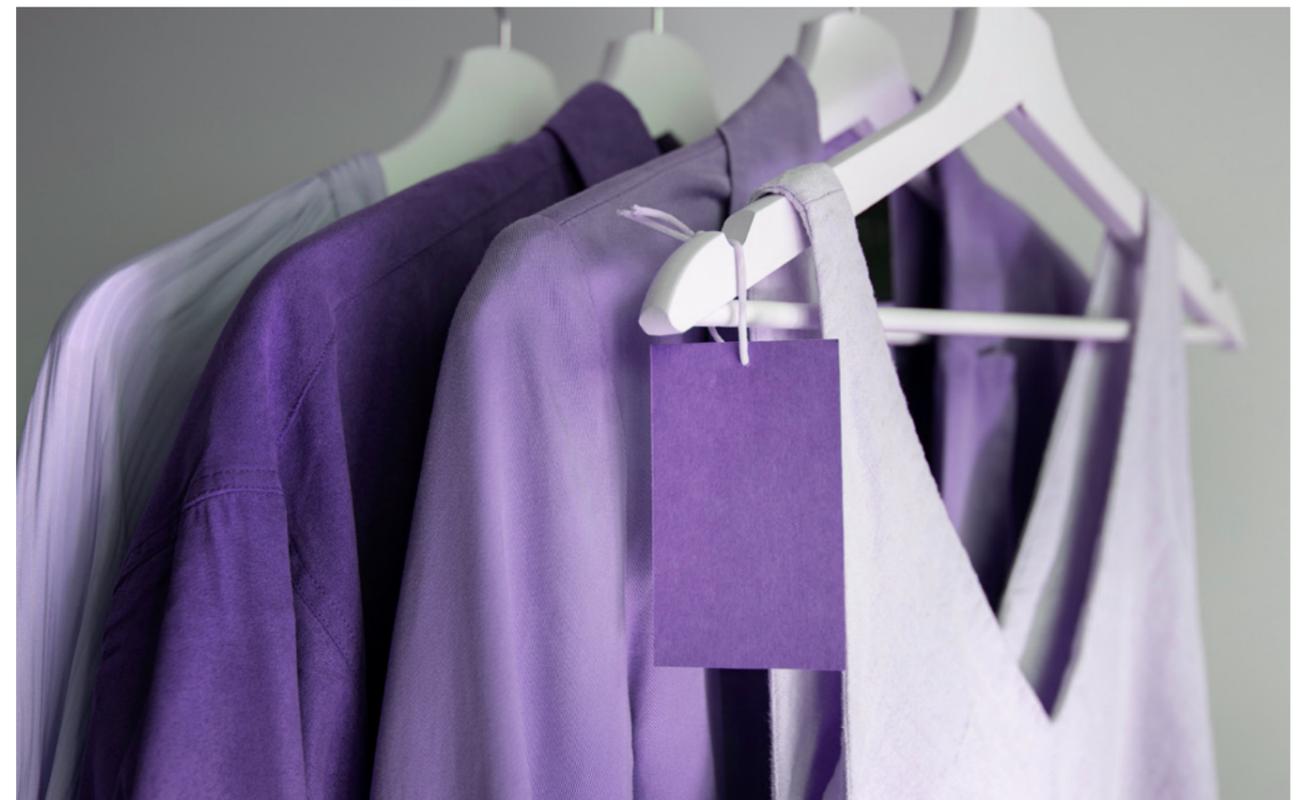
Materials used in the making of sustainable textiles should be produced using chemical-free treatments.

When choosing textile material, you should consider:

- the total carbon footprint of the material
- the process of turning raw fibre into textiles
- the source and renewability of the fibre
- the working conditions of the people producing the material<sup>2</sup>

Several assessment tools are available to evaluate and choose the materials you want to source. Examples include the MADE-BY Environmental Benchmark for Fibres and the Higg Materials Sustainability Index (MSI).

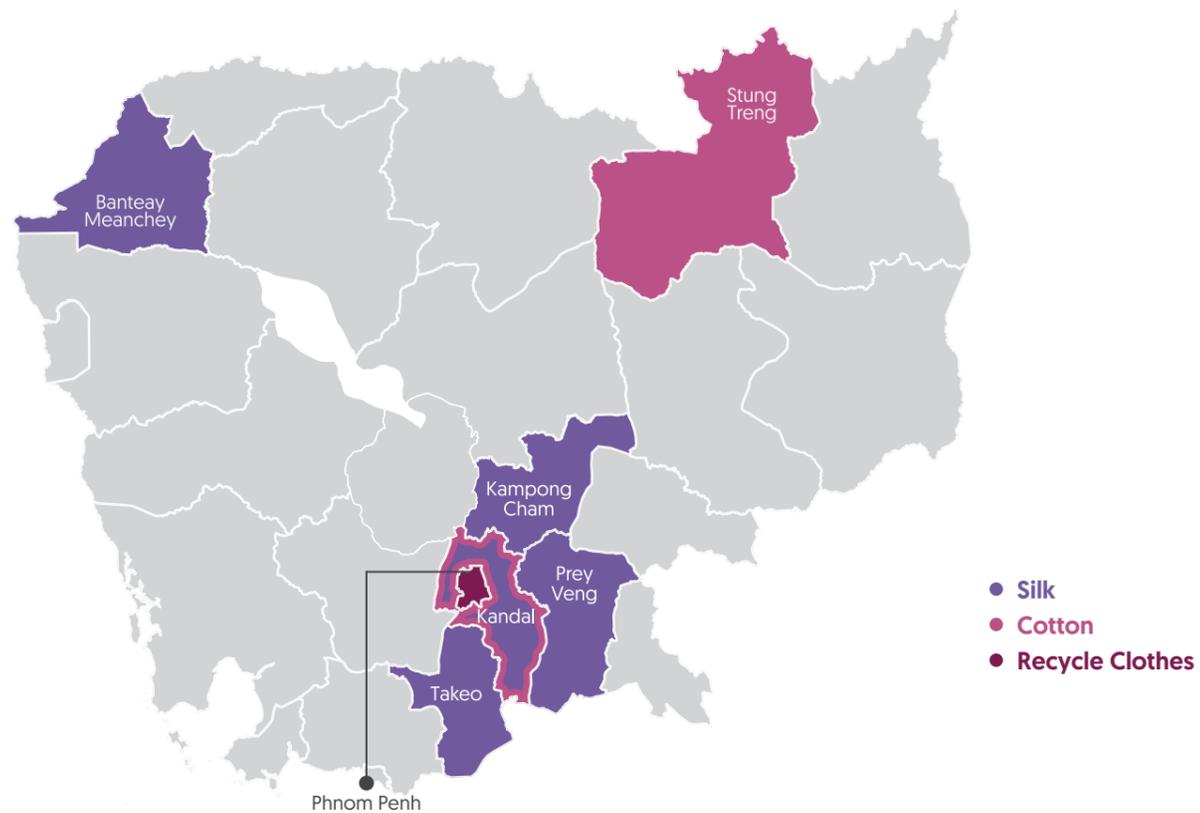
A specific HS code (Harmonised Commodity Description and Coding System) does not exist for sustainable or ethical textiles.



## 2 Cambodian product offer

The concept of sustainable textiles is gaining ground in Cambodia. Production methods that are alternative to “fast fashion” are promoted by international development organisations and NGOs. Eco-friendly and/or upcycled textile products are being produced and sold by an increasing number of small boutique studios by processing silk, cotton, and industrial waste (fabric and plastics). Items include clothes, scarves, and accessories. Most of these small enterprises employ women, use traditional weaving techniques, and embrace social responsibility principles.<sup>3</sup>

### Cambodia's Production of Sustainable Textiles



### Silk

The silk industry is part of Cambodia's culture, history, and heritage. There are between 18,000 and 20,000 weavers in Cambodia, mostly living in Takeo, Kandal, Kampong Cham, Prey Veng, and in the north-western provinces. Locals still like to wear traditional silk clothes and accessories – such as wedding dresses and scarves – on formal occasions.

Golden silk, which is cultivated in Prey Veng and Kampot, is particularly renowned for its strength and lustrous fibre.

Silk production itself is in the hands mostly of small companies and social projects, which use traditional production methods, such as hand-dyeing and the use of natural dyes.

#### NGO projects promote eco-friendly and sustainable silk products.

The volume of silk processing reaches 400 tonnes per year, of which only 1% comes from locally sourced materials, with the rest being imported.

### Exports

Concerning exports, under the umbrella HS code 50, which covers most if not all silk products, we see that the market is small, with a total exported value of \$15,000 (one tonne) in 2020, with all exports heading to China. In the last decade, past exporting destinations included Germany, Japan, and Thailand.

### Cotton

In Cambodia, cotton producers are mostly small-scale, partly because the bulk of the raw material is not produced locally but imported. Most of the producers seem to embrace corporate social responsibility and fair trade principles and are keen to promote sustainable products.

Examples include businesses that reconvert former minefields into sustainable plantations and companies that contribute to rehabilitating disabled Cambodians.

### Exports

Compared to silk, the Cambodian cotton export market is much larger. Under the umbrella HS code 52, which covers cotton products, we see that the total export value in 2020 was \$9.3 million (5,061 tonnes), a seven-fold increase in value from 2016. Top export destinations in 2020 were China (\$3.9 million), Singapore (\$1.6 million), and South Africa (\$1.5 million).

### Recycled clothes/industrial waste

Textile factories produce lots of fabric waste, which is called deadstock. This is a big problem in Cambodia, where waste from factories is left unprocessed. It is instead taken to landfills or simply dumped into the environment.

However, there is a big opportunity to change this trend. Research states that the adoption of circular economic principles in Asia would bring

additional economic growth of \$324 billion and create 1.5 million jobs over the next 25 years. International best practices are leading the way for upcycling. Reverse Resources is a global platform that tries to unlock future circular business opportunities within the textile industry. Good Krama is an ethical clothing brand that uses garment industry excesses.



## Associations and cooperatives

These are some of the largest Cambodian associations related to textiles. They are the ones you should refer to for specific questions regarding the Cambodian production process and market.

Name	Background	Website
 <p><b>Artisans Association of Cambodia (AAC)</b></p>	<p>The Artisans' Association of Cambodia (AAC) is a Fair-Trade Association that supports social enterprise "handicraft" businesses across Cambodia</p>	<p><a href="https://www.facebook.com/artisansassociationofcambodia/">https://www.facebook.com/artisansassociationofcambodia/</a></p>
 <p><b>Coalition of Cambodian Apparel Workers Democratic Union (C.CAWDU)</b></p>	<p>C.CAWDU is an independent and democratic union in Cambodia representing garment workers rights and interests.</p>	<p><a href="https://ccawdu.typepad.com/">https://ccawdu.typepad.com/</a></p>
 <p><b>Garment Manufacturers Association in Cambodia</b></p>	<p>GMAC was established in 1996 in response to the increasing need for the garment industries to stand together with a unified voice. GMAC has become one of the most active and prominent trade associations in the country, representing, promoting, and safeguarding the rights and interests of its members.</p>	<p><a href="https://www.gmac-cambodia.org/">https://www.gmac-cambodia.org/</a></p>

## II Introduction to the EU Market



In 2020, the global market for sustainable fabrics was valued at \$46 billion. Growing at a compound annual growth rate (CAGR) of 6.1% since 2015, its growth is predicted to accelerate and reach approximately \$87 billion in 2028.<sup>4</sup>

With a 62% increase in value of clothing imports over the past decade, the EU (European Union) is the largest importer of clothing globally. It is also predicted to dominate the global sustainable textiles market (clothing and accessories) in the coming years, reinforced by the strong presence of world-famous brands like H&M,

Zara, and Mango.<sup>5</sup> These multinationals have a substantial influence on European consumers and are expected to accompany them in their shift to more sustainable products.

Employing more than 1.5 million people and generating around €162 billion in turnover, the textile and clothing industry is a major player in the European manufacturing industry. Radical changes and a move to value-added products have been undertaken recently to maintain the industry's competitiveness.<sup>6</sup>

# 1 The European market for sustainable textiles

## European interest in sustainable apparel is on the rise

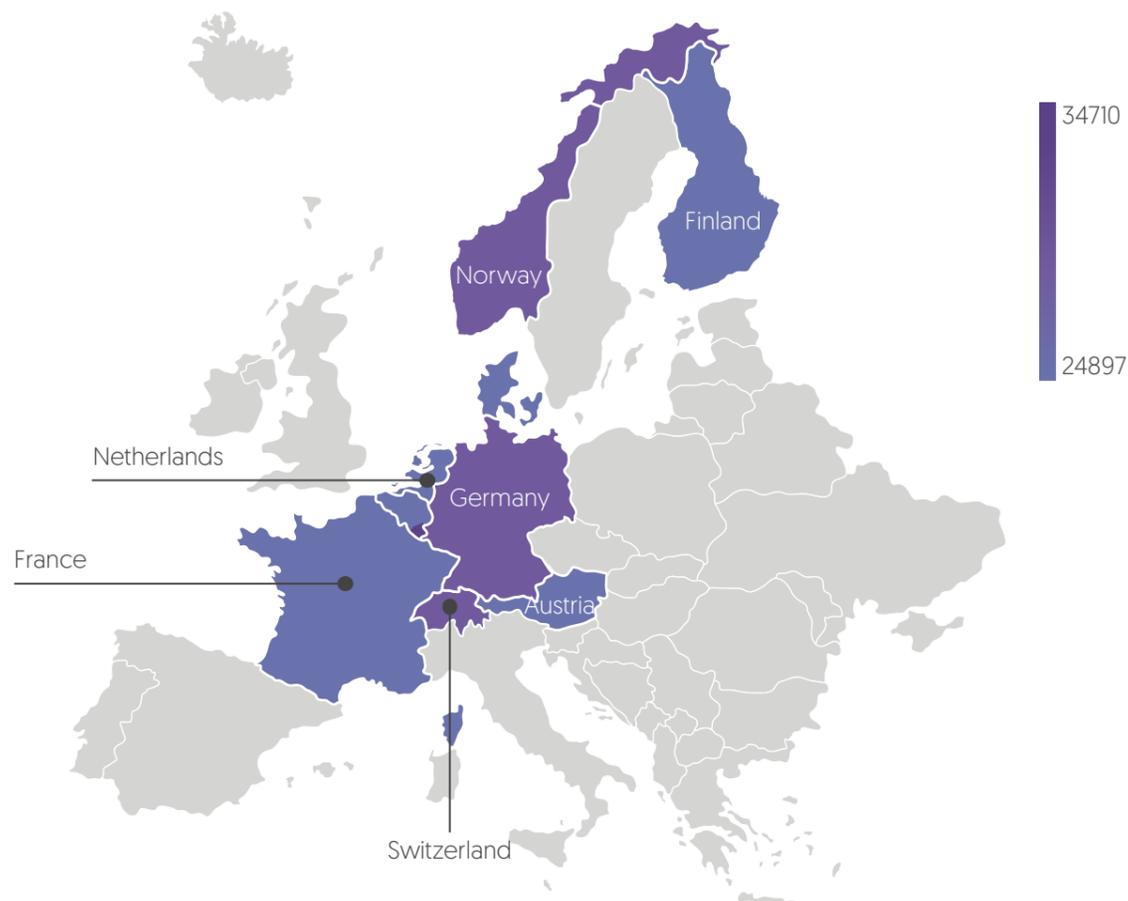
As mentioned previously, no production or trade-specific data exists for sustainable textiles. However, we can see the market quickly evolving, with new sustainable brands continuously appearing on the market and the expansion of leading labels and retailers towards sustainable clothing.

Europe is one of the world's most interesting markets for sustainable textiles thanks to a rising sustainability awareness that affects many levels at once. Consumers are at the forefront of this trend, but the concern is also increasing among retailers and businesses. Non-governmental organisations (NGOs) are pushing governments to take action as well.

This desire to consume sustainable products does not necessarily mean that consumers are willing to pay more for sustainable apparel. They expect producers and retailers to propose sustainable products without any impact on the price, quality, design, and availability. This pressure results in the multiplication of corporate initiatives that promote sustainability, such as the Dutch Agreement on Sustainable Garments and Textiles.

Checking the highest adjusted gross disposable income of countries is a good way to gauge market potential for niche and pricey products.

**Figure 1: 10 highest adjusted gross disposable income of households per capita in Europe in 2020, in Euro**



# 2 Distribution channels

Today, large players such as H&M and Zara are increasingly controlling the market at the expense of traditional independent retailers who see their market shares diminishing. Through their size and global importance, these big players can exert constant pressure on the textile chain and therefore impose “greener” practices. They account for 40% to 60% of total distribution in most countries.

The rest of the distribution is shared between hypermarkets/supermarkets and small, specialised retailers.<sup>7</sup>

→ Fairs, trade shows, and associations are a very good way for producers to find buyers in Europe. The most notable fairs are Fashion SVP, Innatex, and Neonyt. Important trade associations include EURATEX, IAF, and SAC.

# 3 Segmentation of the market

Sustainable apparel fits best in the mid to high-market segments. It can be segmented by product, by type, and by end-user.<sup>8</sup>

## Product

The sustainable textile market can be broken down into four product subcategories:

- Organic
- Man-made/Regenerated
- Recycled
- Natural

In 2020, the man-made/regenerated segment was the largest, accounting for roughly 54% of the global sustainable textile market.

The organic segment is predicted to experience the fastest growth at a compound annual growth rate (CAGR) of approximately 18% in the next few years.

## By Type

The market can be broken down into four subcategories:

- Fair trade
- Animal cruelty-free
- Eco-friendly
- Charitable brands

In 2020, the animal cruelty-free segment was the largest globally, accounting for roughly 44% of the total market.

The eco-friendly segment is predicted to experience the fastest growth at a CAGR of approximately 12% in the next few years.

## By End-User

3 end-user subcategories

- Men
- Women
- Kids

In 2020, the men's segment was the largest, accounting for roughly 52% of the total market.

The women segment is predicted to experience the fastest growth at a CAGR of approximately 11% in the next few years.

## 4 Competition

Competition is less fierce in the sustainable textile market than in the overall textile market, simply because there are fewer competitors offering sustainable apparel. You should expect competition on price from the mid-market segment, as these brands increasingly offer sustainable products.

These are the brands with the largest market shares in Europe.



Figure 2: Brand market shares in western Europe (by value)

Brand Market Shares in Western Europe (by value)		unit: %	
Brand Name	Company Name	2020	2021
	H&M Hennes & Mauritz AB	3.4	3.2
	Inditex, Industria de Diseño Textil SA.	2.6	2.9
	Associate British Foods Plc	2.4	2.5
	C&A Mode AG	1.4	1.4
	adidas Group	1.2	1.3
	Nike Inc	1.1	1.2
	Next Plc	1.2	1.2
	Levi Strauss & Co	1.0	1.0
	Nanjing Lingtian Information Technology Co Ltd	0.7	0.7
	LC Waikiki Magazacilik Hizmetleri Tic AS	0.4	0.7
	PVH Corp	0.6	0.6
	Hugo Boss AG	0.6	0.6
	KIABI Europe SAS	0.6	0.6

*Companies not headquartered in the EU*

Data source : Euromonitor [2022]

China, Bangladesh, Pakistan, Turkey, and India are the largest suppliers of textile and apparel to Europe and are therefore your main competitors.<sup>9</sup>

Vietnam signed a free trade agreement with the EU in 2020 and a boost in their exports to Europe should be expected.

**Figure 3 EU's Top Textile and Apparel Suppliers**

EU's Top Textile Suppliers						
	China	Turkey	India	Pakistan	United States	Top 5 Total
2019	37.3%	16.4%	9.1%	9.0%	4.0%	75.8%
2020	52.4%	11.9%	6.0%	6.3%	2.7%	79.4%
2021	44.7%	17.9%	8.8%	8.4%	2.9%	82.7%

EU's Top Apparel Suppliers						
	China	Bangladesh	Turkey	India	Cambodia	Top 5 Total
2019	31.2%	18.9%	11.0%	5.8%	4.3%	71.2%
2020	33.0%	17.5%	11.6%	4.7%	3.5%	70.2%
2021	34.7%	19.4%	12.7%	5.2%	3.3%	75.3%

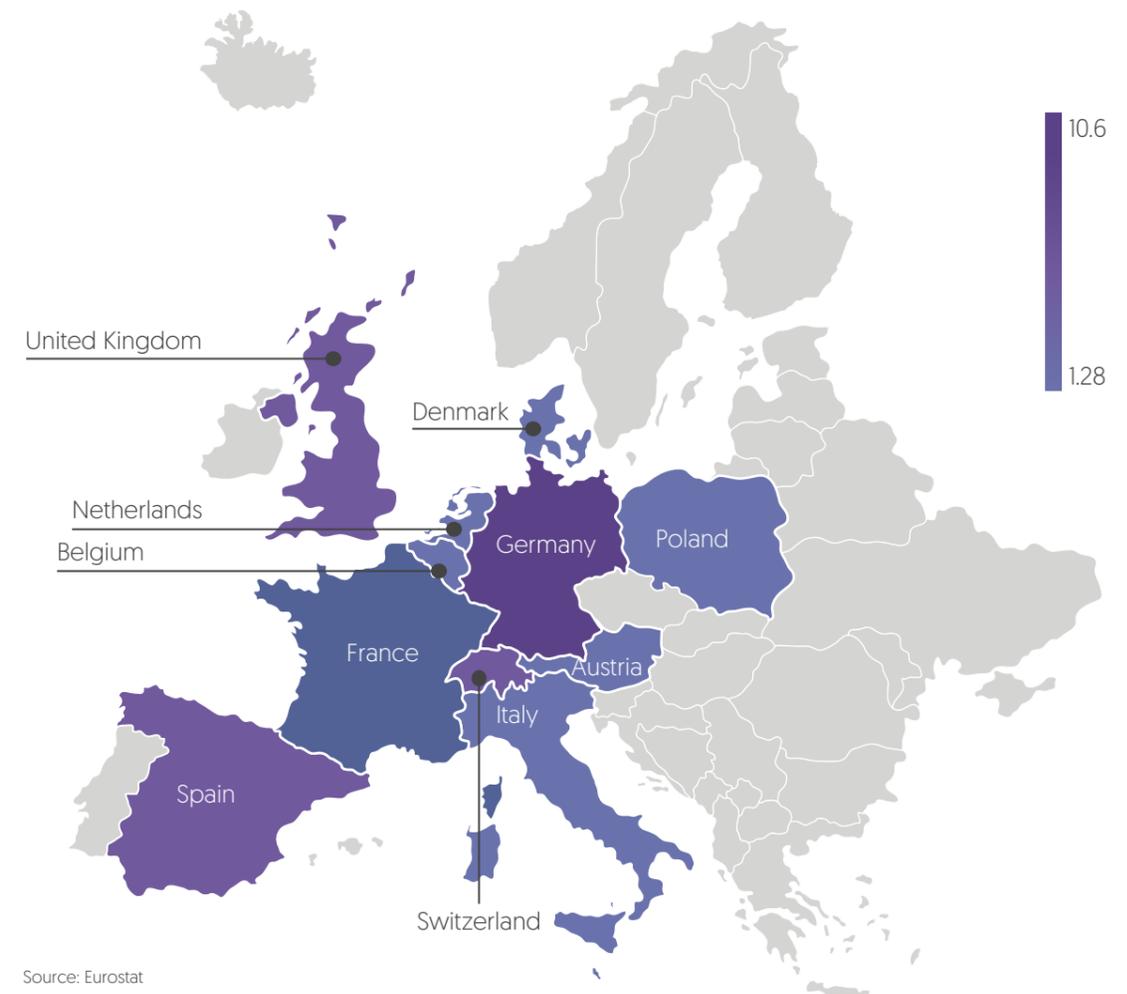
Source: UNComtrade [2022], Euromonitor [2022]



## 5 European imports of textile from Cambodia

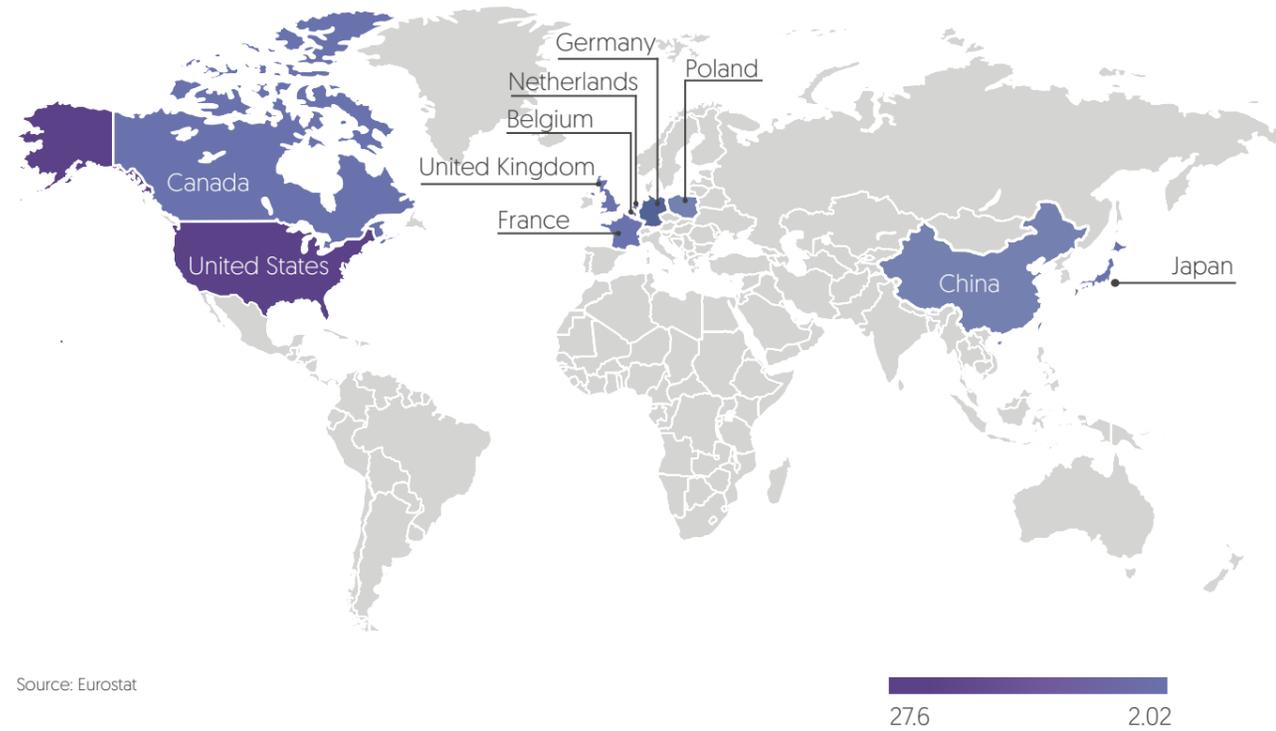
Out of the \$12.4 billion of total textile exports from Cambodia in 2021, \$2.4 billion (1.6% less than in 2020) were exported to Europe.<sup>10</sup>

**Figure 4: Main European importers of textile from Cambodia in value, in % of worldwide imports**



Source: Eurostat

**Figure 5: Main importers of textile from Cambodia in value, in % of worldwide imports**



### III Trends and consumer needs<sup>11</sup>

The European clothing market is affected by multiple trends, all related in some way to sustainability. These include consumer education, shared fashion, vegan clothing, transparency, standardisation, and natural dyes.

Experts consider sustainability - along with corporate social responsibility and transparency - to be by far the biggest trend in the apparel industry today. Despite sustainable apparel accounting for just a small share of global apparel revenues, **its growth signals a major shift.**

The most successful market players are either niche businesses or more mainstream corporations that combine excellent quality, design, and price with appealing sustainability aspects.

Today's young consumers are more socially and environmentally conscious than previous generations. They have a growing awareness of origin, composition, carbon footprint, etc., of the products they purchase. These are the consumers of the future, which illustrates the power of sustainable apparel.

#### 1 Climate neutrality

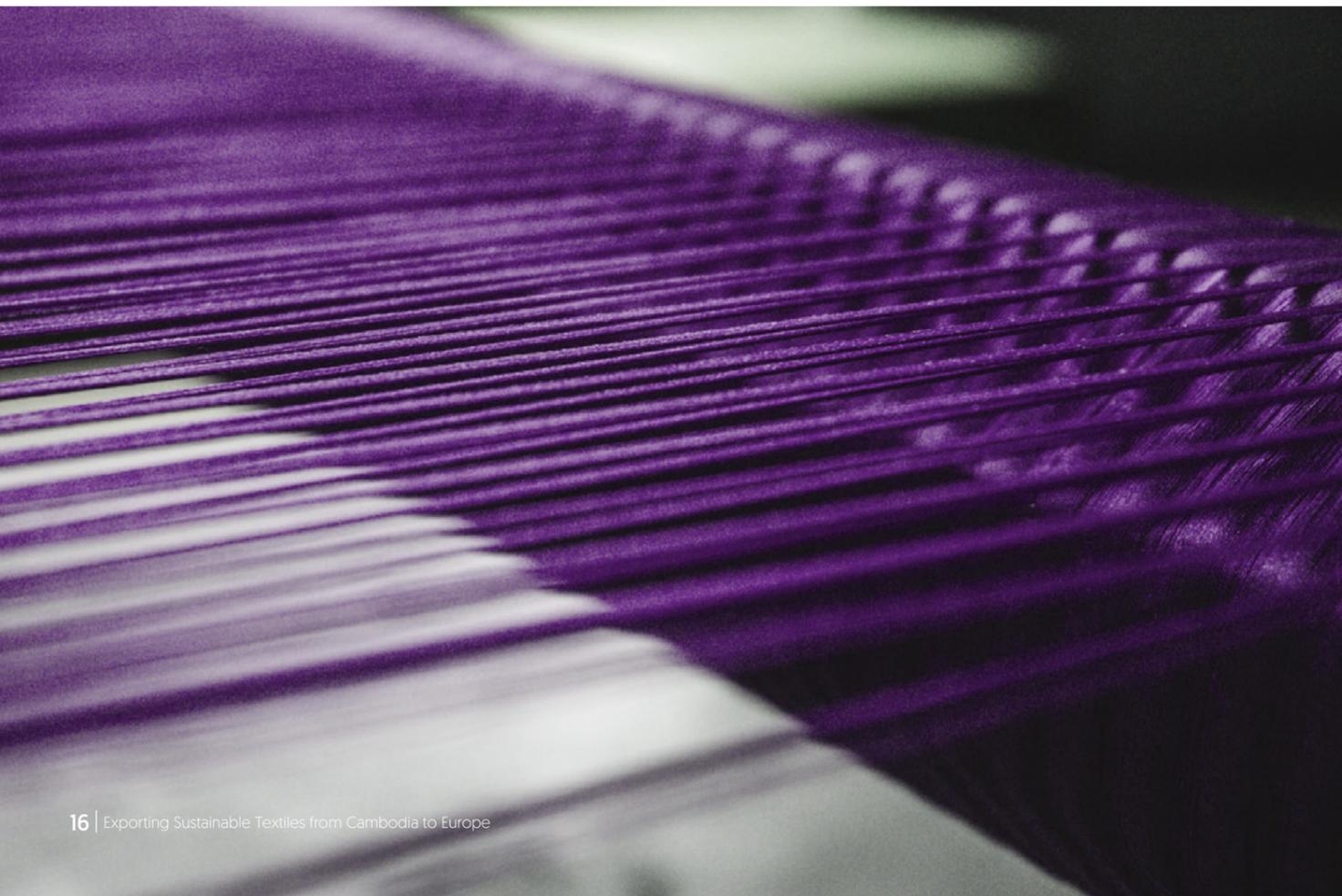
Agricultural production as well as overproduction and the use of synthetic fibres and colours makes the fashion industry one of the largest polluting industries in the world. Ten percent of all Co2 emissions, 20% of all wastewater, and 10 to 20% of all pesticides used to produce cotton are generated by the apparel sector alone.

Some actions are being undertaken by industry players (such as Kering, Puma, and H&M) and the United Nations Climate Change team to reduce greenhouse emissions. In 2018, these parties signed the Fashion Industry Charter for Climate

Action, which pledges net zero emissions for the fashion industry by 2050.

Several measures will be implemented to cut these emissions and reach goals, such as focusing on energy efficiency, using less water in production, committing to not installing new coal-fired boilers, and greater usage of materials with low climate impact.

The European Union aims to become the first continent to have negative emissions by 2050.



## 2 Use of more sustainable and alternative materials

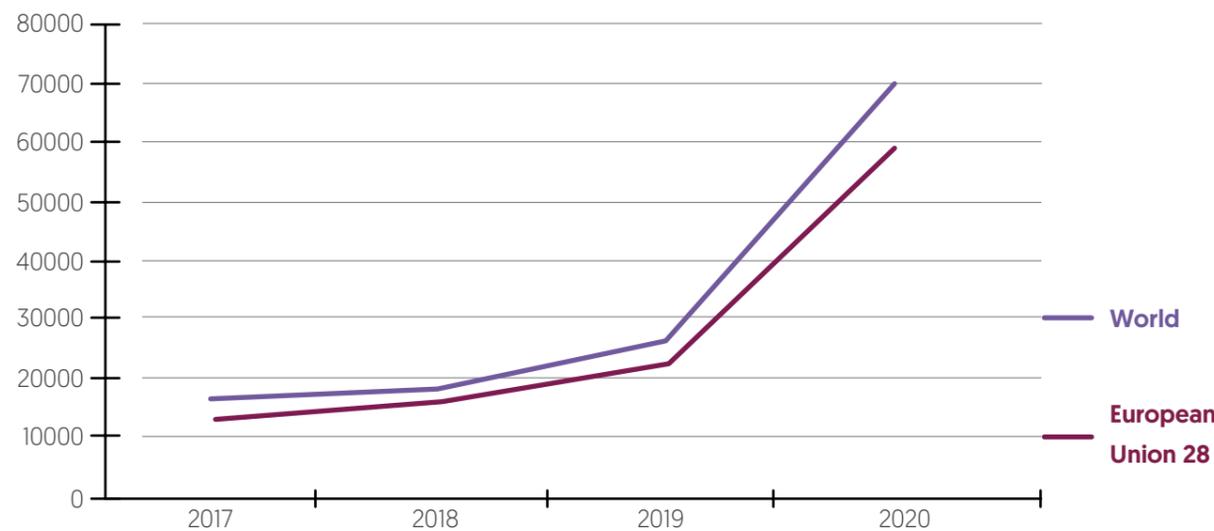
Commonly used fibres such as virgin polyamide, virgin polyester, cotton, or cellulosic fibres have a significant negative impact on the environment.

Therefore, major players are gradually shifting to using more sustainable materials, and increasingly launching new collections that use “greener” materials such as recycled polyester and organic cotton.

Producers also increasingly use biodegradable and low-impact fibres. These can originate from a variety of vegetal, such as banana plants, flax, hemp, or from agricultural waste like corn fibre or milk biopolymers.

Hemp is a very interesting case study and perfectly illustrates this shift to more sustainable materials.

Figure 6: Imports of hemp, in USD thousand



Companies like Modal Micro, Tencel, and Ecovero use sustainable man-made alternatives in the form of lyocells. This allows the companies to operate in a closed loop and more efficiently use chemicals and water.

Another important trend is the reduction of animal materials in textile manufacturing, which is leading many of the largest companies to adopt new animal welfare policies. For example, alternatives to leather made from

apples, pineapples, and mushrooms are being developed. Europe is the largest market for alternative materials.

**Production based on sustainability and biodegradable materials would give a significant advantage to producers in developing countries, especially if these materials are produced locally and use less water and energy than traditional materials.**

## 3 More sustainable production techniques

The production techniques applied by the fast fashion segment have a massive negative impact on the environment.

The REACH regulation regulates the use of hazardous chemicals in clothing and textiles in Europe. Learn more about it in the requirements section of this guide.

Businesses are also committed to reducing plastic waste and use. In 2020, several of the largest fashion brands signed the New Plastics Economy Global Commitment.

## 4 Recycling and circular business models

Fast fashion also means a huge amount of textile waste, due to more frequent purchases and shorter product lifetimes. The circular model reuses this waste by finding a new use for it, notably by transforming it into fabrics or garments. This new life for products is made possible by new technologies. Some of these technologies are able to separate the most common blends of cotton and polyester.

More and more companies are innovating in textile recycling. These companies can:

- produce secondary raw materials from textile waste
- turn textiles, cardboard, and agricultural waste into new cotton
- turn polyester polymers and cellulose from cotton, non-reusable textiles, and PET bottles and packaging into new raw materials

Some leading apparel companies:

- offer consumers incentives for returning their used clothing and are increasingly using recycled materials in their collections
- have launched collections made of recycled plastic waste
- teamed up with other industry leaders such as Coca-Cola to launch The [Re]Collection, made of partially recycled materials, including plastic bottles and recycled cotton
- release designs based on remade garments from old collections.<sup>12</sup>

Moreover, circular sales models are gaining more attention from textile companies. These models explore ideas such as resale, clothing rental, and upcycling. Apps like Vinted are quickly gaining notoriety and tremendous growth is forecasted for this segment.

This trend could result in declining demand for new apparel, especially since the preference for vintage clothing is further supporting this trend to buy less, but better.

## 5 “Slow Fashion”

Opposite of the term “fast fashion” implanted by clothing brands decades ago, slow fashion is intended to be more sustainable and of higher quality.

Slow fashion aims to be more timeless, with collections designed to last. These products are usually produced locally, from time to time on demand, which avoids waste. They are often

sold in small shops.

Even though this group of customers – willing to pay more for better quality – is relatively small, it is expected that going forward, the environmental and sustainability practices of apparel players will become a major purchasing criterion for European consumers.

## 6 Transparency

Transparency is crucial for a sustainable industry as companies need to make sure the environment where their products/materials are made is safeguarded, working conditions are adequate, and human rights are respected.

Most fashion retailers have already made a list of their suppliers public. Some of them even publish information about their processing facilities.

## 7 Using natural dyes

After agriculture, textile dyeing is the second largest polluter of clean water in the world. Therefore, the use of more environmentally friendly dyes and processes is of crucial importance for the industry. An alternative is the use of milk-based tissues like milk fibre yarn, which need fifty times less water to produce 1 kg of material than cotton.

with synthetic dyes for a long period of time, natural dyes are increasingly being used in the industry, mainly due to the growing environmental awareness in the world.

Today, some natural dyes now offer excellent resistance to cleaning agents, light, perspiration, and water. Using natural dyes can be a good way to improve your sustainability performance.

Although they have been unable to compete

### Tips:

- Consider making your supplier list public and communicate this to your buyers.
- Study natural dye options for your products, such as Ecofoot and SpinDye.
- Stay up to date on new textile dyeing methods that can make fashion more sustainable.

### Recommendations:

- Focus on storytelling.
- Invest in recycling and upcycling.
- Target developed and emerging markets.
- Leverage social media, increase visibility through websites.
- Targeting environmentally conscious consumers and collaborating with e-commerce companies.

# IV Requirements

To be able to sell your sustainable textiles and apparel in the European market, you need to comply with several requirements. Some of them are mandatory while others are not but could give you competitive advantages.

## 1 Mandatory legal requirements

### A. Tariffs and rules of origin

The rules of origin determine the origin of goods, their place of production and/or manufacture.

Cambodia is part of the EU's Generalised Scheme of Preferences, which aims to help developing countries in their export.

**Thus, Cambodia enjoys preferential origin rules:**

- 0% tariff - if imported directly
- 5.8% - if imported through a third country

**To benefit from a 0% tariff, the product must be wholly obtained and originate from Cambodia.**

### B. Value-added tax

Textiles and clothing are subject to a 7% value-added tax when entering the European Union.

### C. General product safety

The European Union's General Product Safety [GSPD: 2001/95/EC] applies to all consumer products, including apparel. It mandates all products marketed in Europe must be safe to use.

- **EU's General Product Safety Directive [GSPD: 2001/95/EC].**

### D. REACH Regulations

REACH (Registration, Evaluation and Authorisation of Chemicals) secures the manufacture and use of chemical substances in the European industry. Leading apparel companies are constantly pressured by this strict regulation to diminish or remove toxic chemicals from their supply chain and are therefore gradually using new and more sustainable techniques to more efficiently manage their use of water and limit the use of harmful chemicals.

More than 20,000 chemical substances are already known, and their potential risks have been established.

- **Make sure you comply with the EU's REACH Regulation : [EC 1907/2006]**

### E. Children's wear

The EU has a specific standard for the safety of children's clothing and babywear.

This standard aims to ensure that drawstrings and cords are placed safely on clothing for kids up to 14 years old.

- **Specific standard for the safety of children's clothing and babywear <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1569591957047&uri=CELEX:32015D1345>**

## F. Flammability

Although the European Union has no specific requirements regarding apparel flammability, multiple countries - such as Ireland and the Netherlands - do.

## G. CITES (Convention on Trade in Endangered Species)

Some species of animals and plants are excluded from being used in apparel altogether, so you cannot use them in your products. Others are subjected to severe import restrictions.

- See the EU wildlife regulatory measures: EC 338/97.  
<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31997R0338&from=EN>



## 2 Packaging requirements (include legal and non-legal requirements)

### Packaging legislation

According to the European Commission, “EU rules on packaging and packaging waste cover both packaging design and packaging waste management. They aim to deal with the increasing quantities of packaging waste, which causes environmental problems. They also aim to remove barriers in the internal market – caused by EU countries adopting different rules on packaging design.”

- EU rules on packaging and packaging waste  
[https://ec.europa.eu/environment/topics/waste-and-recycling/packaging-waste\\_en](https://ec.europa.eu/environment/topics/waste-and-recycling/packaging-waste_en)

### Textile regulation and labelling

Textile products must have their fibre composition displayed in the language of the country they are sold. These labels should be durable and tear-resistant, easily legible, securely attached, accessible, and visible.

- Textile regulation: [https://single-market-economy.ec.europa.eu/sectors/fashion/textiles-and-clothing-industries/legislation\\_en](https://single-market-economy.ec.europa.eu/sectors/fashion/textiles-and-clothing-industries/legislation_en)

The most important information on the product label of apparel is:

- Size
- Origin/producer
- Composition
- Number of pieces
- Box identification
- Net and gross weight
- Consignee
- Wash and care instructions

Although ecolabelling is not regulated in the clothing sector, some labels have their own defined standards for producers to follow.



Specify the material content of every denim item that you export to the EU in accordance with EU Regulation 1007/2011. Check the [EU Access2Markets online helpdesk](#) on how to do this.



### Importer specification

Your orders should be packed in accordance with your buyer's instructions. You should always ask for these as part of the purchase order.



### Damage prevention

To protect it from water, humidity, staining, and solar radiation, each article is usually packed in a polybag.



### Dimensions and weight

It is important that your packages are easy to handle. Check the favoured weight and dimension of boxes with your importer.



### Material and cost reduction

Apart from improving sustainability, less packaging also means a reduction in costs and therefore, a rise in margins. Sustainable packaging is rapidly gaining in popularity. Using biodegradable materials can give you an advantage over competitors. For some buyers, it is even a requirement.



## 3 Additional requirements that would make you stand out in the market<sup>13</sup>

### Product design and development

Proposing your own design and innovative ideas is always appreciated by European buyers, as they are constantly looking for products to make them stand out in the market. Some appreciated functions are quick-drying, easy-iron, waterproof, breathability, UV protection, and anti-bacterial material.

### Garment care preferences

Most European consumers value easy-to-care-for products and need garments that can be washed using a machine. Unless you have an arrangement with your importer, try to avoid dry-clean-only products.

### Communication

Most buyers will expect a smooth and reliable line of communication with you. You should follow these basic rules to successfully do business with them:

- Always reply to emails within 24 hours.
- When encountering a problem with an order, try to notify your customer as soon as possible.
- Create a time and arrival document for each order and share it with your buyer. It will enhance trust and make it easy to monitor progress.

### Flexibility

Most factories work only with large quantities, long delivery times, and simple styles. If you want to make a place for yourself in the market, be prepared to handle complicated orders at the start of your relationship with your buyer, as it will want to test your factory.

For your first order, buyers will expect

- Impeccable workmanship and high-quality material
- Small order quantities
- A smaller price that you would usually expect for small orders

### Factories in GSP countries

As Cambodia is part of the EU's Generalised Scheme of Preferences [GSP], import duties are removed from European buyers which gives you a significant competitive advantage.

# V Certifications and certifiers

As buyers and consumers increasingly demand standards above EU regulations, being certified is deeply important.

A certificate provides certainty to customers worldwide, as it attests that your management system, process, or product meets objective [internationally] recognised criteria and related obligations.

Certifications can improve efficiency: your operations are more sophisticated, more efficient, and easier to control. It identifies

processes within your company and highlights areas for improvement.

A certificate is reassuring to the relevant authorities, as it avoids any debate about whether you are complying with rules and legislation.

Getting certified will give your product a good reputation in the [international] market. It is also an excellent marketing tool and offers many promotional possibilities.

**Table 6: Most common textile-related certifications<sup>14</sup>**

Name of Standard	Logo	Type	Cost of Manufactures	Most used in European end markets	Further information on getting certification
Amfori BSCI		Social	External audit costs (variable)	Germany, France, The Netherlands	Available from buyers. Amfori has a list of <a href="#">organisations that can perform an audit</a> .
SA8000®		Social	External audit costs (variable)	Germany, France, The Netherlands, Italy, Spain	<a href="#">Check the SA8000 certification process here</a>
Sedex		Social, environmental	€118/year/per site + external audit costs (variable)	Germany, France, UK, The Netherlands	<a href="#">Check the Sedex certification process here</a>
Fair Wear		Social	Membership is not open to factories [yet]	Germany, Sweden, The Netherlands, Italy	<a href="#">Check which brands are members</a>
OEKO-TEX® STeP		Social, environmental	Certification fee + external audit costs (variable)	Germany, France, UK, The Netherlands	<a href="#">Check the OEKO-TEX® STeP application process here</a>
BCI		Environmental	€2,000/year minimum membership fee	Germany, France, UK, The Netherlands	<a href="#">Check the BCI membership process here</a>
GOTS		Social, environmental	€150/year minimum + external audit costs (variable)	Germany, France, UK, The Netherlands	<a href="#">GOTS has a list of organisations that can perform an audit</a>

## 1 General sustainability certifications

Sustainability is a great way of standing out in the European market. Not only should your raw materials be sustainable, but fair working conditions and sustainable production processes are also expected.

Among the various sustainable certification programmes and schemes you can find on the European market, buyers are increasingly demanding these two:



### Amfori Business Social Compliance Initiative (BSCI)

This initiative has been developed by European retailers to improve social conditions in sourcing countries. Buyers often request an audit of factories they are working with to prove compliance. Once audited, a company is included in the BSCI database alongside all other participants.



### Ethical Trading Initiative (ETI)

It aims to improve the lives of working people that produce consumer goods around the globe. It is an alliance of trade unions, companies, and voluntary organisations.

**To read up on sustainability options, you can use standards such as:**

- **ISO 14001**, for companies and organisations of any type that require practical tools to manage their environmental responsibilities
- **Sedex**, a membership organisation that provides one of the world's leading online platforms for companies to manage and improve working conditions in global supply chains.
- **SA 8000**, an international certification standard that encourages organisations to develop, maintain, and adopt socially acceptable practices in the workplace.

### Tips:

- Buyers appreciate companies that have a story to share. Showing that your company values social and environmental performance will provide you with a competitive advantage.
- Self-assess your factory by using tools like the BSCI Self-Assessment for Producers or a code or the ETI base code to evaluate your performance.

## 2 Sustainable textile certifications<sup>15</sup>

Sustainability is one of the most important concerns among apparel actors and is increasingly demanded by buyers.

Here are some of the most popular sustainable textile certifications:

- The **Global Organic Textile Standard (GOTS)** certifies social and environmental responsibility at every stage of the supply chain. Your textile products must have at least 70% organic fibres.
- The **OEKO-TEX Standard 100** certification ensures responsible use of chemicals.
- The **Sustainable Textile Production (STeP)** by **OEKO-TEX®** certification ensures that textile manufacturing and processing is carried out in a sustainable manner.

The EU Ecolabel “certifies products with a guaranteed, independently verified low environmental impact. To be awarded the EU Ecolabel, goods and services should meet high environmental standards throughout their entire life cycle, from raw material extraction through production and distribution to disposal.”<sup>16</sup>

Textiles with the **MADE IN GREEN** by **OEKO-TEX®** label are:

- made from materials that have been tested for harmful substances;
- manufactured using environmentally friendly processes;
- produced under safe and socially responsible working conditions.



## 3 Fair trade certifications

The fair trade concept aims to support improved social conditions and fair pricing for producers and their communities. Getting fair trade-certified would give you a competitive advantage in the European market, especially if your apparel's production is labour-intensive.

The most common fair-trade certifications include:



Fairtrade International



World Fair Trade Organisation (WFTO)



Fair Wear

## 4 Recycled material certifications

Apparel made from recycled materials are becoming increasingly popular.

The most common demanded standards are:



Textile Exchange's Recycled Claim Standard



The Global Recycled Standard

For more info, read the CBI study on Recycled Fashion.

## 5 Base materials certifications

The most common base materials certifications in Europe are:

- **Responsible Down Standard (RDS)** and **RWS (Responsible Wool Standard)**. These standards guarantee the fair treatment of animals in your production process.
- **Better Cotton Initiative (BCI)** is an initiative with more than 1,200 active members. It helps improve cotton-growing conditions globally.

## 6 Main guidelines to get certified

1. Find a buyer.
2. Select a certification scheme that suits operational and EU requirements.
  - Make yourself familiar with the target market. Which certifications are required by your potential customers? Which may offer promising value-added benefits?
  - Determine the next steps. Assess the costs required to upgrade to such a certification. (Price of the certification, modification of the production set up, future plans, etc.)
  - To get yourself familiar with standards, you can use this website:  
<https://standardsmap.org/en/identify>
    - The Standards Map provides online access to a wide range of information related to sustainability initiatives, standards, and trends, allowing businesses to pick the right certification or follow the right standards.
3. Develop and implement the certification system requirements in your organisation.
4. Conduct an internal audit.
5. Conduct a management review.
6. Adjust according to the output of the internal audit and management review.
7. Verify the corrective actions.
8. Contact a certification body that has the accreditation to issue a valid certificate.
9. Send an application to a certifying body (e.g., Control Union)
10. The application is reviewed by the certifying body.
11. Preparation of the contract.
12. Reviewing of the contract by the applicant.
13. Sign and send back the contract to the certifying body.
14. The certifying body officially registers the applicant as a 'client' and arranges the audit.

### Before the audit

Some documents need to be addressed to the certifying body.

This is meant to provide a basic understanding of the company's operation and its current quality management system. This information will be verified during the onsite inspection.

### Factory audit

Three components

- Observation of the factory
- Worker interviews
- Documents check

If the client complies with the standards, the certificate is issued.  
If not, some corrective actions need to be done.



### Time limit:

Minor non-compliance:  
**2 months**

Major non-compliance:  
**1 month**

The certificate is then issued.

Potential certifiers are Control Union and Bureau Veritas.

Table 7: Potential certifiers in Cambodia

### ControlUnion



- 🏠 N°28, Street 288, Sangkat Olympic, Chamkarmon, 12312 Phnom Penh
- ☎ 023 966 496
- ✉ cambodia@controlunion.com
- 🌐 <https://www.petersoncontrolunion.com/en>

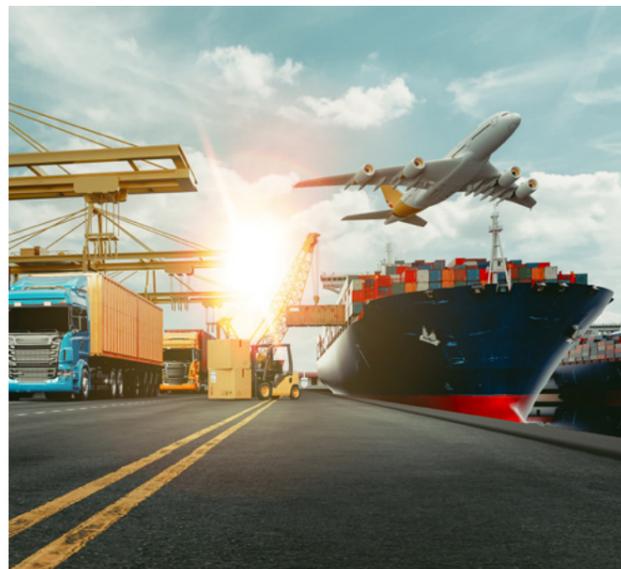


### Bureau Veritas

- 🏠 #1186, St.371, Sangkat Steung Meanchey, Khan Meanchey, Phnom Penh, Cambodia.
- ☎ 017 555 638 / +85523 962 280
- ✉ sreymarch.seng@vn.bureauveritas.com  
dwijenayaka@controlunion.com
- 🌐 <https://group.bureauveritas.com/>

# VI Logistics

Goods are subject to risks while being transported. To avoid the many pitfalls in logistics and get your products on the market on the conditions agreed upon, working with a good logistical operator is crucially important.



## 1 Transport/incoterms

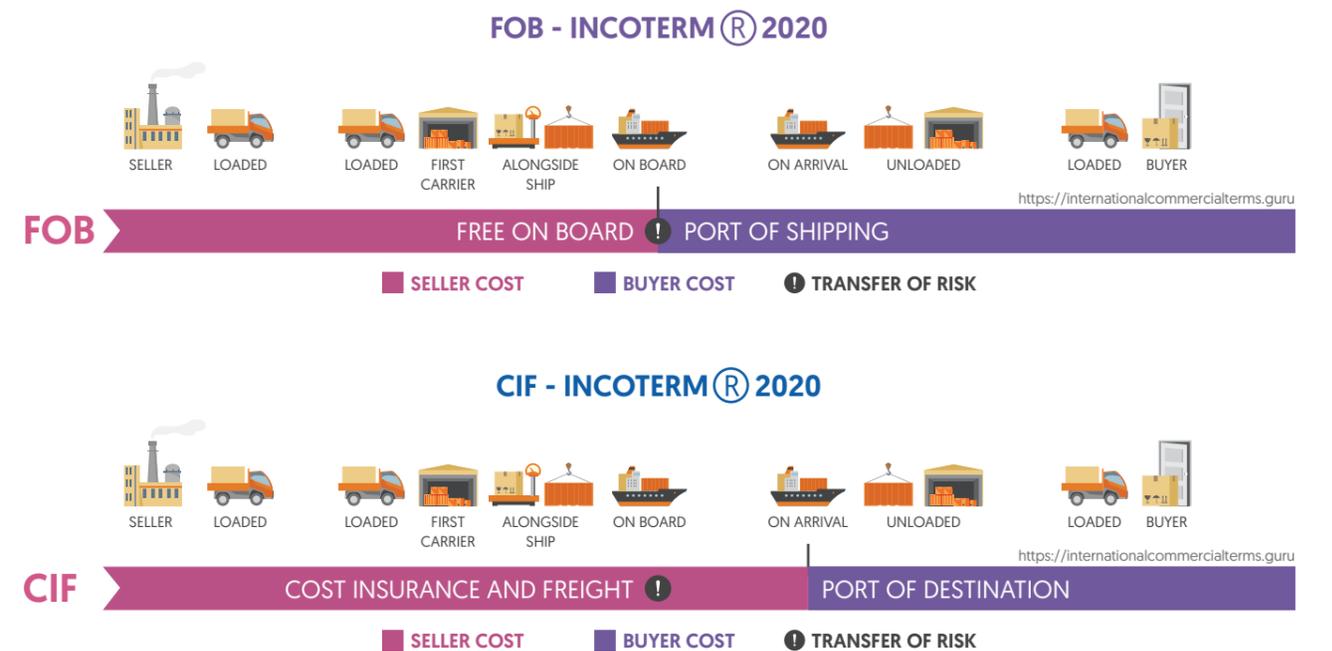
Incoterms (international commercial terms) are a system of international rules that govern international trade operations.

These rules define the distribution of costs, risks and import and export formalities between the seller and the buyer in the process of delivering the goods. It allows each party to make the necessary arrangements related to its obligations: insurance, costs (logistics, taxes...) and formalities (regulatory, customs...). Above all, it allows you to avoid disputes!

The most common incoterms are **FOB** and **CIF**.

- **FOB/Free on Board.** The seller must clear the goods through customs and deliver them on board a vessel designated by the buyer. The transfer of costs and risks takes place when the goods are on board the vessel at the port of departure.
- **CIF/Cost Insurance and Freight.** This incoterm requires the seller to conclude the contract of carriage on behalf of the buyer, but also to take out insurance on behalf of the buyer to cover the goods during transport. Thus, the goods are transported at the buyer's risk. According to this organisation, there is a gap between the transfer of the expenses which takes place at the port of arrival and the transfer of the risks which takes place at the port of departure.

It is frequently used because it allows the exporter to provide a complete solution (customs clearance, transport, and insurance) without engaging its responsibility since it is the buyer who is responsible for the goods during transport.



## Important:

- CIF price is higher than FOB
- FOB or CIF is negotiated between buyer and seller
- Factors to choose FOB or CIF include the relations between the producer and the shipping companies, geostrategic location, etc.
- It is recommended for companies to have both prices ready (FOB and CIF) when beginning to negotiate with buyers. Price is indicated usually in container loads.
- Usually, European importers are happy to take over shipments at big ports.
- Big ports include Rotterdam, Hamburg, and Antwerp in continental Europe, as well as Valencia and Genoa in the Mediterranean.

## 2 Logistics steps

Do your research to identify the right logistics provider. Competitive pricing, good services, reliability, and the ability to provide good insurance providers (if CIF) are parameters to look for. It is crucial that you familiarise yourself with some basic information before engaging with a potential buyer. How long does it take to ship to EU? What is the best route or port of destination for your target market? How about combined loads, etc.? Importers may have a lot of questions related to shipping options.

1. Do your research to identify the right logistics provider. Competitive pricing, good services, reliability, timeliness, and solid insurance providers (if CIF) are parameters to look for.
2. Before negotiating with your buyer, be sure to have FOB and CIF quotations ready. You may request these quotations from your logistics provider.
3. Negotiate with the buyer the terms of the shipment: products, volume, frequency of shipments, delivery time, testing, and payment. Importers often start with small orders (just a few pallets) as they want to run a trial first.
4. Usual payment instalment: 50% with all documents ready and products ready to ship, the other 50% when the product is sold.
5. Do your homework before negotiating with the buyer. Know the common length of the logistics process, how long it takes to produce one container load, etc.
6. Understand different packaging solutions. Good logistics depend on good packaging.
7. Arrange basic testing on everything relevant before shipping (MRLs, contaminants, etc., organic if needed), to avoid liability issues and reinforce goodwill with the buyer.
8. Sign a contract with the buyer with payment and shipment terms.
9. Package the goods correctly (in compliance with EU law).
10. Send goods. You may have to track them. Be aware of when the product will arrive at the port of destination.

## 3 Freight forwarding companies



### DHL Express

571, 575 Russian Federation Blvd. (110), Phnom Penh, Cambodia  
 <http://www.dhl.com.kh/>



### World Bridge Group of Companies

The Bridge level 38, Village, No 14 National Assembly Street, Phnom Penh, Cambodia  
 <https://www.worldbridge.com.kh/>



### DHL Global Forwarding

11th Floor, Heng Asia Building #22, Mao Tse Toung Boulevard (245), 12305, Cambodia  
 <http://www.dhl.com.kh/>



### CFS Cam Freight Services Co., Ltd.

313 Street, 85c Phnom Penh, 12152, Cambodia  
 <https://www.ups.com/kh/en/contact.page>



### UPS Express Cambodia

Camkocity R1, Camko Street Kongkeo Phos Village 2 Commune, Phnom Penh, Cambodia  
 <https://www.ups.com/kh/en/contact.page>



### Maersk (Cambodia) Ltd.

No. 298, Mao Tse Toung (St. 245), Next to InterContinental Phnom Penh, Room 8A, Mao Tse Toung Boulevard (245), Phnom Penh, Cambodia  
 <http://www.maerskline.com/>



## SRVC Freight Services Cambodia Co., Ltd.



Tuol Kouk District Hall, Phnom Penh 12150, Cambodia

<http://www.srv-cambodia.com/>



## DB Schenker (Cambodia) Limited



Ty Thai Heng Long Building, No. 78, 7th Floor, Mao Tse Toung Boulevard (245), Phnom Penh, Cambodia



[http://www.dbschenker.com.kh/log-kh-en/company/contact\\_us.html](http://www.dbschenker.com.kh/log-kh-en/company/contact_us.html)



## Swift Freight Logistics Limited



Plot 61, 570- St 331, Phnom Penh, Cambodia



<https://www.swiftfreightlogistics.com/>



## CSKHA LINES CO., LTD.



2nd Floor, Kim Hap Bldg., #86EA2, Street 388, Sangkat Prey II, Toul Svay, Cambodia



<http://www.heung-a.com>

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<p>Published by:</p> <p>Source: Unsplash</p>	<p>EuroCham Cambodia</p> <p>Registered Office Phnom Penh, Cambodia</p>	<p>Source: Unsplash</p>	<p>Source: Unsplash</p>
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<p>Content and design by:</p> <p>In collaboration with:</p> <p>As of</p>	<p>RUN Sophanith Lim Sok Im</p> <p>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (Business Scouts for Development Program) and Sequa.</p> <p>July 2022</p>	<p>Source: Unsplash</p>	<p>Source: Unsplash</p>

# Exporting Sustainable Textiles from Cambodia to Europe

