

The New Laws Trying to Take the Anxiety Out of Shopping.....2

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Responsible Fashion

Fashion

## The New Laws Trying to Take the Anxiety Out of Shopping

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Fashion can't stop talking about sustainability. Now it may have to put more money where its mouth is, as regulators set their sights on the industry.

This article is part of a series examining [Responsible Fashion](#), and innovative efforts to address issues facing the fashion industry.

From recycled materials and organic yarns to fair wages for workers, fashion is full of claims about ways in which it can mitigate its impact on the planet. Historically, however, most brands' promises have been voluntary and their progress self-reported. In other words, largely unchecked and unlikely to face punishment if or when they fall short of targets.

But change is in the air. Governments and legislators appear to be waking up to the fact that companies are [not reforming themselves at a pace and scale](#) that will meaningfully combat climate change. As a result, in both the United States and the European Union, a raft of new regulatory proposals has emerged this year that are intended to drive greater sustainability in the textile and fashion industries.

If passed, many of the bills could change what you — the consumer — see on your clothing labels, or even the design of what you find on store shelves. The movement also reflects a shift away from the idea that the burden should rest primarily on shoppers to buy better and buy less.

"Consumers are not, can not and should not be the driving force for completely changing an industry — not least because as long as it's easy, fast and cheap to buy fashion, then the sustainability aspect of the offer will always be a secondary choice," said Michael Schragger, founder of the [Sustainable Fashion Academy](#) in Stockholm. Despite a growing group of more ecologically minded fashion shoppers, clothing purchases have still increased [fivefold since 1980](#) and the average garment will be worn only seven times before it's disposed of. In part, Mr. Schragger said, that's because companies are not obligated by law to meet corporate and social responsibility targets.

"Currently, they only need to provide greener options for the customers that want them," he said. "Without more regulation, brands and retailers just don't have the sufficient pressure — or incentives — needed to radically change business models."

Any changes driven by regulation will be felt across the industry, not only in the West but also in the global powerhouse of fashion production: Asia. Many proposals [could have a deep impact there](#), leading to improved labor standards and pollution levels but also higher costs associated with new paperwork and switches to certified materials demanded by laws. Claire Bergkamp, chief operating officer of Textile Exchange, an industry group, suggested that despite that upheaval, legislation would create a level playing field for greater change.

"Currently, fashion brands who are genuinely trying to be better often feel like they are being commercially punished for doing so and have a hard time competing financially with those not taking the same considerations," she said.

While most of the latest proposals are years away from becoming law, some countries have already made major domestic regulatory changes that will require fashion companies to overhaul the way they produce and report on the nature of their goods sooner rather than later. In July, for example, France announced that every item of

clothing sold within its borders would [require a label detailing its precise climate impact](#) by the end of next year. Both Norway and Germany have introduced due diligence acts demanding that companies show they are working to identify and address any negative impacts on people and the planet that they may have contributed to — with hefty fines and potential operational bans if they do not. And in both Britain and the Netherlands, brands like H&M and Boohoo are being investigated [by local authorities for greenwashing claims](#).

Still, Genevieve LeBaron, an expert on international labor at Simon Fraser University in Canada, noted that with considerable resistance from many businesses, looming global recession and a volatile geopolitical landscape, putting the bills into practice would be far from straightforward.

“Good regulation can set a great precedent, but changing the business model of fashion is a truly gargantuan and expensive task,” she said. “Change isn’t here yet.”

Here are some of this year’s major pieces of proposed legislation on both sides of the Atlantic.

#### The United States

There has been a flurry of recent bill proposals in the United States, with states like California, a longtime leader in environmental regulation, [recently passing a bill](#) protecting the rights of garment workers. Several others have since been unveiled and are making their way through the legislative pipeline.

#### The FABRIC Act

What is it? The Fashioning Accountability and Building Real Institutional Change Act — known as [the FABRIC Act](#) — is America’s first federal fashion bill. The bill is intended to improve the labor rights of garment workers and buoy the American garment manufacturing industry [after decades of offshoring](#). The bill is currently awaiting assignment to a House committee for study, meaning it could be years before it lands on the president’s desk.

Who will it affect? The act will affect fashion brands and retailers as well as American manufacturers and suppliers to the garment industry. One of its five points of focus is to set an hourly pay rate for garment workers and end [“piece rates”](#) (where workers are paid per item they make, not hours they work) in workplaces where workers are not paid a minimum wage. The bill would include penalties for labor violations and establish record-keeping measures like a nationwide garment industry registry. The bill also encourages brands to bring their garment manufacturing back to the United States through a 30 percent reshoring tax credit scheme. It is not [without critics](#).

What is the bottom line? The United States garment sector is a \$9 billion industry employing 95,000 people. The garment workers that make your clothes are also some of the lowest paid in the country, with a take home pay of about \$300 per week. Breaches of the wage rules under the bill could lead to victims being awarded sums to compensate for lost wages, plus the same amount again in damages. Noncompliant employers could additionally be fined up to \$50 million.

#### The Fashion Act

What is it? The Fashion Sustainability and Social Accountability Act is a state bill that, if passed, would make New York the first state in the country to hold the biggest brands in fashion to account for their environmental and social impacts.

Who will it affect? Practically every large American and international fashion name, almost all of which do business in New York, ranging from the very highest end — LVMH, Prada, Armani — to such fast-fashion giants as [Shein](#) and Zara. The bill requires fashion companies that generate more than \$100 million in revenues to disclose their supply chains across all production tiers and where in that process they create the most impact — think labor abuses, greenhouse gases and chemical use. They must then reduce those effects in line with targets outlined in the bill, including, for example, reducing their greenhouse gas emissions to be in line with the Paris Agreement.

What’s the bottom line? If passed, major fashion brands would be required to reduce their negative impacts at a pace set not by companies, but by legislators. The impact of the Fashion Act might not be immediately obvious to shoppers, but certain measures — like an annual list of companies that violate the law, published by the state attorney general — will give them confidence that significant industry players are being held to account.

#### The Fashion Workers Act

What is it? [The Fashion Worker Act](#), announced in March, aims to regulate management agencies and provide basic labor protection for models, as well as behind-the-scenes creatives like hair and makeup artists and stylists and influencers. Like the Fashion Act, this bill also needs to go to a vote when New York legislators next meet.

Who will it affect? If passed, the act will require agents to pay models and creatives within 45 days of a job. It would also limit enforcement of so-called exclusive representation contracts and require that creatives be provided with copies of their contracts. Additionally, the bill seeks to end bad practices like agents charging above market rates for accommodation and commission fees over 20 percent. Agents would also be required to ensure that clients do not engage in discrimination or harassment against the model or creative.

What's the bottom line? Much has been written about unscrupulous model management agents and agencies and their exploitation of models and freelance creatives in the fashion industry. With civil penalties of up to \$3,000 for an initial violation, this act should improve financial transparency and accountability for a visible yet vulnerable group of workers — though will likely be subject to revisions before being passed.

## The European Union

In America, much of the proposed legislation that will affect the fashion business specifically targets the industry. In the European Union, however, the sector largely falls under the scope of wider sweeping policy changes and expansions by the bloc as it seeks to improve Europe's ecological footprint on the world's resources.

In March, the EU published "[Strategy for Sustainable Textiles for 2030](#)," a plan that encompassed some of the legislation below which would directly affect the textile and fashion industries. According to Luca Boniolo of Brussels-based consultancy [Ohana Public Affairs](#), it focuses on textile circularity and making brands more accountable for waste that they send to landfills.

## Ecodesign for Sustainable Products Regulation

What is it? [The ESPR](#), as the proposed regulation is known, was published in March and establishes a framework to improve, among other things, product circularity. A "digital product passport" could store information like product durability and reparability, identify substances that might prevent a product from being recyclable, or even say how much recycled yarn is used in a sweater. The regulation would also require businesses to publicly disclose the destruction of unsold goods.

For the proposal to be approved, the European Council and the European Parliament need to agree on an approach. If it is adopted, the soonest that specific rules concerning textiles are expected to be put in place is 2025.

Who will it affect? A majority of manufacturers, importers and retailers in the European Union, including in the fashion and textiles sector.

What's the bottom line? The "ecodesign requirements" adopted within the ESPR framework would be the same across the European Union. But because the penalties would be set by individual member states, it's difficult to say how effectiveness could differ from country to country. Product-specific requirements would be set in secondary legislation and developed only once ESPR is enacted. However, any products not in compliance with the requirements would not be able to be sold on the E.U. market, so the regulations would most likely have a significant impact on how garments are designed and made.

## Corporate Sustainability Due Diligence

What is it? In February, the European Commission adopted a [proposal](#) that would require companies operating in member states to identify and account for human rights protections and reduce pollution and biodiversity loss. Companies would be responsible for not only their own operations, but also — critically — those of any subsidiaries or suppliers in their supply chains. If the proposal is adopted, member states would have two years to transpose the directive into national law.

Who will it affect? All companies with more than 500 employees and 150 million euros in sales worldwide. For companies with more than 250 employees and 40 million euros in sales, rules will kick in two years later than those in the first group. Authorities appointed by EU states will be authorized to impose fines. Victims will also be able to take legal action for damages.

What's the bottom line? Fashion has one of the most complex and shadowy supply chains in the world. Many brands simply do not know the information being requested by the EU in this legislation. By making it a necessity

if one is to do business in the region, it will force many companies — and consumers — to better understand where their clothes come from and who makes them.

#### Unfair Commercial Practices Directive

What is it? In March, the European Commission published [a new proposal with amendments](#) to the Unfair Commercial Practices Directive to better regulate what companies can and cannot say to customers, with a particular focus on greenwashing. Companies will not be allowed to use sustainability-related labels such as “eco-friendly,” “green” or “eco” on their product or packaging if there is no certification or recognition by a public authority for it.

Who will it affect? Any sellers of consumer goods — such as fashion and beauty products — in the European Union could face fines. Rules may only be in force from late 2025 or early 2026.

What’s the bottom line? One can scarcely go shopping without being bombarded with labels on fashion or food or beauty products that claim to be “clean,” “organic” or “all-natural.” Tighter regulation and updated rules will allow shoppers in Europe to avoid being misled and make more informed choices when they spend money on consumer goods as well as bring litigation and damages claims against companies making inaccurate claims.

Senator Kirsten Gillibrand, Democrat of New York, announced the FABRIC Act this year in Manhattan’s garment district. | Office of Senator Kirsten Gillibrand | State Senator Brad Hoylman, left, a sponsor of the Fashion Workers Act, promoting the bill in front of Lincoln Center this spring. | Reed Young/ Model Alliance | Discarded clothing piled high in the Atacama Desert in Chile. | Martin Bernetti/Agence France-Presse — Getty Images

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