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COMMISSION STAFF WORKING DOCUMENT

**Simplification of EU legislation in the field of textile names and labelling - Impact
Assessment Report**

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1. PROCEDURAL ISSUES AND CONSULTATION OF INTERESTED PARTIES

The revision of EU legislation on Textile Names and Labelling¹ was announced in 2006 in the “First progress report on the strategy for the simplification of the regulatory environment”² and was included in the Commission Legislative and Work Programme for 2008. The idea for a revision of Textile Names legislation came to light in recent years as a result of the experience developed with regular technical amendments to the current Directives in order to introduce new fibre names into the legislation. Industry and Member States representatives have suggested this revision in meetings and bilateral contacts. For the industry representatives, the legislation should be reviewed in order to shorten the time needed to trade legally a new fibre within the EU. Member States representatives consider that introducing new fibre names in the European legislation is important to promote innovation in the European industry and from the perspective of consumer's information. However, the political content of technical amendments to Textile Names legislation does not justify the heavy procedures and costs involved in the transposition of a Directive. A lighter legislative solution should be used.

1.1. Consultation of other Commission Services

Work on the impact assessment for this initiative started in 2007; an inter-service steering group involving Directorates-General ENTR, JRC, SANCO, TRADE and SG was established in March 2008. The members of the inter-services group were invited to participate in the meetings with the consultant that carried out the external study as well as to participate in the meetings with stakeholders and Member States representatives. The comments on the draft impact assessment report were mainly provided by e-mail.

1.2. Consultation with Member States

In the framework of meetings of the Committee and Working Group on Textile Names and Labelling, which took place in 2005 and 2006, Member States asked for a simpler procedure to add new fibre names to existing legislation. In particular, several Member States suggested that the Textile Directives be transformed into a Regulation.

In order to discuss the key elements of the initiative and aspects requiring particular attention, Commission services convened three meetings with Member States representatives and other stakeholders on 17 January 2008, 9 April 2008 and 7 July 2008. In addition, further input was requested from Member States on the basis of a specific questionnaire.

1.3. Stakeholder consultation

Due to the limited scope of this revision, a targeted consultation of interested parties was the preferred option. Stakeholders participated at the three meetings organised by the

¹ Directives 96/74/EC (as amended), 96/73/EC (as amended) and 73/44/EC.

² Commission Working Document COM (2006) 689 final

Commission during 2008. Industry and the CEN provided feedback at the occasion of bilateral meetings with Commission services. Furthermore, input for the impact assessment was requested from key stakeholders on the basis of specific questionnaires.

The following groups of stakeholders participated in the consultation process: industry and retail associations, trade unions, consumer organisations, European standardisation bodies, as well as national administrations³.

In the framework of the meetings organized by the Commission services, stakeholders and Member States representatives were invited to present their views, suggestions and proposals during a period going from January to July 2008. In addition, the consultant in charge of the external study started consultations with stakeholders on 2 April 2008, when a first set of questions was sent to industry, and continued until 2 June 2008, when the last response was received. The consultation period is therefore in line with the Commission's Minimum Consultation Standards⁴.

1.4. External study

In order to support the assessment of likely impacts of the proposal, the Commission services ordered a study to an external consultant, using the framework contract available within DG Enterprise and Industry.

In particular, the study analysed the potential effects linked to the different alternatives proposed for the revision and assessed the costs and benefits for public authorities, economic operators and consumers. To this end, the consultant circulated a number of questionnaires to industry representatives, public authorities (Member States and European Commission), the European Committee for Standardisation (CEN) and to consumer associations.

The study "Simplification of EU legislation in the Field of Textile Names and Labelling – An Impact assessment of Policy Options", carried out by Risk Assessment and Policy Analysts Limited (RPA) will be posted in the website of DG Enterprise and Industry.

1.5. Results of the consultation

This proposal is the result of regular contacts of Commission services with representatives from Member States, industry associations and other stakeholders.

All stakeholders welcomed the initiative. Member States representatives, industry associations and other parties have been involved from early stages of the development of the proposal, providing fruitful contributions for the assessment of its likely impacts and for the drafting of the text.

³ CIRFS/BISFA (International Bureau for the Standardisation of Man Made Fibres), Euratex, AEDT (European Association of National Organisations of Textile Retailers), Trade Unions, ANEC (European Association for the Co-ordination of Consumer Representation in Standardisation), BEUC (European Consumers' Organisation), CEN (European Committee for Standardisation), Member States representatives.

⁴ Communication from the Commission: "Towards a reinforced culture of consultation and dialogue – General principles and minimum standards for consultation of interested parties by the Commission" – COM(2002)704 final.

Member States representatives have generally indicated that they prefer a regulation to a directive because the political and administrative burden is lower. They have also considered that improving guidance and clarifying requirements on developing application files would enable to gather all the relevant information before the legislative process starts. As a result, the period of time needed to process an application would be shortened. With respect to the consideration of national laboratories that could provide a first assessment on the file to the applicant, Member States generally consider that it will promote a higher quality of applications and a harmonisation of approaches. However, if a network of recognised laboratories is to be created, this should not imply additional costs for Member States. It was widely indicated by Member States that passing the testing methods agreed by the Committee on Textile Names and Labelling to the European Committee for Standardisation (CEN), instead of including them in the legislation, has the advantages of making adaptations easier and more flexible. In addition, it would ensure transparency and uniformity of testing procedures all over the EU, facilitating matters to national laboratories. However, Member States have a major preoccupation in this area related to the time needed to have a European standard adopted, which varies from 1 to 5 years. The possibility of involving CEN in the process of adopting a new fibre name should not compromise the major objective of the proposed legislative simplification.

The industry favours a solution enabling to speed up the process for adoption of a new textile fibre name. Industry representatives consider that the current guidance is clear but there is always scope for improvements. They recognise that companies are inexperienced in putting an application file for a new textile fibre name into practice. With respect to the use of officially recognised laboratories to produce a first assessment of the application, industry representatives have stated that they currently encourage members to make use of existing laboratories in preparing their applications because they believe it shortens the time needed by the Commission services to examine the application. The conversion of test methods into European standards overseen by CEN has, for the industry, the positive aspect of allowing easier routine revisions carried out by CEN every 5 years. However, industry strongly opposes the involvement of CEN if it represents creating an additional step in the decision-making process.

Consumer associations are not currently working with textile fibre names issues. The replies sent are very general, indicating that they think that positive impacts for consumers are to be expected from streamlining of procedures, including the changing from a directive into a regulation, clearer and more detailed guidance to industry applicants, independent review by a recognised laboratory before an application is submitted, transfer of fibre testing methods to European standards.

A summary of the replies to the questionnaires from competent authorities in the Member States and from stakeholders is presented in Annex 1.

1.6. Scrutiny by the Commission impact assessment board

The impact assessment board of the European Commission⁵ assessed a draft version of the impact assessment in August 2008. It issued its opinion on 9 September 2008⁶. The impact

⁵ http://ec.europa.eu/governance/impact/iab_en.htm

⁶ Cf. Annex 5

assessment board made several suggestions for improvement; in the light of these suggestions, the final impact assessment report:

- Explains better how the feasibility of the standardisation approach will be assessed in the future.
- Gives further reasons to discard non-legislative and self-regulatory options.
- Clarifies certain aspects related to the establishment of recognised laboratories and the role of the Joint Research Centre in the examination process.
- Describes briefly the international context as regards the granting of new fibre names and the implications on trade of textile products.

2. PROBLEM DEFINITION

2.1. Legislative background

The current regulatory framework for the labelling of textile products consists of three basic Directives:

- Directive 96/74/EC⁷ on textile names requires the labelling of the fibre composition of textile products using only the harmonised names listed in Annex I to the Directive.
- Directives 96/73/EC⁸ and 73/44/EEC⁹ specify the methods of analysis to be used to check whether the composition of textile products is in conformity with the information supplied in the label.

Textile Directives need to be adapted to technical progress every time a new generic name for a novel fibre must be added to the technical annexes. In the last years, new fibre names have been added to the technical annexes of the Directives by way of amendments to the Directives:

- Directive 97/37/EC¹⁰ added four new fibres to the list of fibre names (cashgora, lyocell, polyamide, aramid).
- Directive 2004/34/EC¹¹ added the new fibre polylactide to the list of fibre names.
- Directive 2006/3/EC¹² added the new fibre elastomultiester to the list of fibre names.
- Directive 2007/3/EC¹³ added the new fibre elastolefin to the list of fibre names.
- Directive 2006/2/EC¹⁴ added two fibre names (polylactide and elastomultiester) to the uniform test methods for the quantification of binary mixtures.

⁷ OJ L 32, 3.2.1997, p. 38–55, as amended

⁸ OJ L 32, 3.2.1997, p. 1–37, as amended

⁹ OJ L 83, 30.3.1973, p. 1–19

¹⁰ OJ L 169, 27.6.1997, p. 74–75

¹¹ OJ L 89, 26.3.2004, p. 35–35

¹² OJ L 5, 10.1.2006, p. 14

¹³ OJ L 28, 3.2.2007, p. 12–13

¹⁴ OJ L 5, 10.1.2006, p. 10–13

- Directive 2007/4/EC¹⁵ added the new fibre elastolefin to the uniform test methods for the quantification of binary mixtures

Two more applications are currently being examined and new amendments to the Directives are expected for 2008 and 2009.

2.2. Context

The textiles sector is an important part of the European manufacturing industry, with a turnover of over €100 billion in 2005 and employing over 1 million workers¹⁶. It accounts for 3.5% of the total number of manufacturing firms in the EU (around 77,000) but less than 2% of manufacturing turnover. The average size of textiles companies is lower than the average size for all EU manufacturing, with the greatest number of small firms in the Member States, Spain and Portugal. The major players in EU textiles production are Italy, Germany, France, the UK and Spain, but there are significant textiles sectors in Belgium, the Czech Republic, Lithuania, Portugal and Slovenia.

A study of the competitiveness of the EU textile industry notes that the sector has faced significant economic challenges in recent years. The profitability of the sector in the period covered by the study was only 0.53%, directly related to the continuing overcapacity of the sector, despite a decline in production of nearly 14% between 2000 and 2005. This is due to a complex set of factors, including the Euro/Dollar rate and China's accession to WTO, which has enabled Chinese exporters to benefit from the initial steps of quota liberalization since December 2001.

EU textile industry has undertaken a lengthy process of restructuring, modernisation and technological progress in response to the significant economic challenges faced by the sector in recent years. European companies have improved their global position by concentrating on competitive advantages such as quality, design, innovation and products with higher value-added. The EU industry has a leading role at world level in the development of new products, technical textiles and non-wovens for novel applications such as geo-textiles, hygiene products, the automotive industry or the medical sector.

Role of fibre research and innovation

A key area for research is the development of new speciality fibres and fibre composites for innovative textile products, identified as one of the thematic priorities in the Strategic Research Agenda of the European Technology Platform for the Future of Textile and Clothing. Fibre innovation at the upstream end of the textile value adding chain is a powerful source of new products, processing options and application areas in many downstream user sectors¹⁷. In fact, the number of requests for new fibre names to be added to EU legislation has increased in recent years and this trend is expected to consolidate as the European textile sector evolves into a more innovative industry.

¹⁵ OJ L 28, 3.2.2007, p. 14–18

¹⁶ Figures for the textile sector, excluding clothing manufacture. Source: Institut Français de la Mode (2007), "Study on the competitiveness, economic situation and location of production in the textiles and clothing, footwear, leather and furniture industries", prepared for the European Commission, Enterprise and Industry Directorate General

¹⁷ Strategic Research Agenda of the European Technology Platform for the Future of Textiles and Clothing

Applications for new fibre names have been submitted by a number of different companies, including both large and small firms. Industry indicates that, in general, 90-95% of R&D activities are focussed on improvements and developments on existing fibres. Although only 5-10% of R&D activities are likely to result in a fibre requiring a new generic name, these new fibres generate often new uses and technological processes in a wide number of domains such as clothing, medical, environmental and industrial applications.

2.3. Problem identification

Adoption of a new fibre name in EU legislation

Adding a new fibre to the annexes of the textile Directives necessitates a lengthy procedure at European level, requiring all Member States in the EU to adapt their national laws subsequently. Enterprises must wait for several years before being able to use the new names they have applied for.

The Commission services expect that the number of new fibres added to the technical annexes is likely to increase in the coming years. Member States authorities also indicated that they expect the number of new fibres requiring names to increase, some suggesting that there could be two to three new fibre name applications per year. Industry (as represented by BISFA¹⁸) noted that the future trend is difficult to predict. However, it also suggested two applications a year as a realistic estimate.

For the purposes of this analysis and identification of the system's defaults, the application process under the existing Textiles Directive has been divided into five key steps which involve varying actions by the stakeholders involved (industry and public authorities). These are set out below, further details are available in Annex 4.

- Step 0: Preparation of Application
- Step 1: Submission of Application
- Step 2: Assessment and Initial Review of Application
- Step 3: Technical Examination of Application
- Step 4: Preparation of Draft Proposals
- Step 5: Amendment of Directive and National Legislation

– **The key issue surrounding the current regulatory framework, for both public authorities and industry, is the time taken between the initial application for a new fibre and its legal adoption across the EU, in particular with respect to the technical examination and the transposition of the amendments into national legislation.**

This translates in particular into:

¹⁸ BISFA: International Bureau for the Standardisation of Man Made Fibres.

a) Burden for public authorities.

The current process imposes a burden on public authorities. Member States need to transpose each adaptation to technical progress of the Directives into national legislation. Member States have expressed problems with transposition of amendments to the Directives and have suggested that they be transformed into a Regulation. In particular, Member States with a federal political organisation have to follow the complete federal procedures to transpose the technical adaptation into national legislation. These procedures involve regional and local authorities or parliaments. The political content of introducing a new fibre name for consumer's information in the European legislation does not appear to justify the heavy procedures and costs related to the transposition of a Directive. According to information provided in the regulatory impact assessment by the UK for the last amendment of the UK textiles legislation, the involved costs were estimated at around 1 million euros¹⁹. These costs are certainly different across Member States. However, this estimation allows the conclusion that they are significant at EU level. They appear to be disproportionate compared to the political relevance of the amending Directives.

b) Costs for economic operators

For economic operators, the delay between an application for a new fibre name and the time when it can legally be placed on the market may have implications at different levels. In the first place, it delays the return of the investment for the company that has developed the new fibre. Secondly, it will postpone benefits for those companies that will develop and market products using the new fibre. Thirdly, a more rapid process for approval of new fibres would contribute to improving the rate of innovation in the textiles and clothing sector by encouraging new applications for new fibre names. As a result, reducing delays is foreseen to improve the overall profitability of the sector.

Consideration is given also to the costs for companies for preparing and ensuring the follow up of an application for a new fibre name submitted for technical examination. According to industry representatives (BISFA), these costs may be particularly significant for small and medium enterprises. Currently there is no specific format for preparing an application. This may pose particular difficulties for SMEs with limited experience in the preparation of such dossiers.

2.4. Community competence and subsidiarity

Member States recognised in the 1970's the need for harmonization of Community legislation in the area of textile names. Different (non-harmonised) textile fibre names in the EU Member States would create a technical barrier to trade in the Internal Market. In addition, consumer interests would be better protected if the information provided in this area is the same within the Internal Market.

This rationale is still valid today and Community rules, based on article 95 of the EC Treaty, are necessary to avoid fragmentation of the market. Thus, the simplification of the existing regulatory framework can only be achieved by Community action.

¹⁹ DTI (2006): Full Regulatory Impact Assessment, The Textile Products (Indications of Fibre Content) (Amendment and Consolidation of Schedules of Textile Names and Allowances) Regulations 2006, UK Department for Trade and Industry, 13th December 2006.

Furthermore, the policy options do not modify the political balance between Member States and EU. In all of them a Committee is foreseen to assist the Commission and give an opinion on the implementing measures proposed, following the rules of a regulatory committee with scrutiny. This is the case today with Directive 96/74/EC.

3. OBJECTIVES

3.1. Overall objective

The general objectives of the European legislation in the field of Textile Names are to ensure the proper functioning of the internal market for textile products and to protect consumer interests through correct information on textile fibre composition. If the provisions of the Member States with regard to the names, composition and labelling of textile products were to vary from one Member State to another, this would create hindrances to the proper functioning of the internal market.

While the general objectives of the Textile Names Directives remain the same, the revision of this legislation aims at simplifying and improving the existing regulatory framework for the development and uptake of novel fibres, with a view to encourage innovation in the textile and clothing sector.

The revision should also enhance the transparency of the process to add new fibres to the list of harmonised fibre names. At the same time, it should introduce more flexibility to adapt legislation in order to keep up with the needs of the technological developments expected in the sector.

It must be pointed out that it is not an objective of the revision to extend EU legislation to other labelling requirements beyond the current scope of the Textile Names Directives which is the fibre composition and the harmonisation of textile fibre names.

3.2. Specific objectives

- **Reduce the burden for public administrations** as regards the examination of the application and facilitate the legislative process with respect to the changes involving adaptation to technical progress.
- **Shorten the time from investment to return for fibre producers** and reduce costs for businesses of application for a new fibre authorisation.
- **Allow fibre users and consumers** to benefit faster from the use of novel fibres and innovative products.

4. POLICY OPTIONS

4.1. Overview of the policy options

Several broad lines of action to speed up the adoption of new fibre names were considered.

The first option that appeared to be the strongest available solution was changing the Directives on Textile Names and Labelling into one or three Regulations. This change

appeared to have the potential to simplify the adaptation to technical progress. Member States would no longer need to transpose technical amendments in the form of Directives into national legislation, resulting in a direct reduction of the administrative burden. Furthermore, it would allow authorising the marketing of a new textiles fibre name within a period of time 12 months shorter than the current situation, bringing substantial benefits to economic operators.

The feasibility of having a non-legislative solution was examined. One way could be dropping altogether textile names labelling. However, Member States agree on the need to harmonise textile fibre names to avoid proliferation of different names since the 70s; thus, EU legislation in this field reflects the shared concern of the Commission and Member States that fibre names should provide information on the characteristics of the fibre and not be linked to a commercial name. Information to consumers in this area is important for reasons of comfort associated with the properties of certain fibres and also for health reasons because some consumers develop allergies to certain fibres. Furthermore, the European Union legislation in this domain was developed in order to harmonise national legislations and avoid technical barriers to free circulation of textile products in the Community market. In addition, economic operators obtain substantial benefits from creating new fibres and having them widely known and marketed. Furthermore, as it was already highlighted in this report, textiles names labelling has the potential to encourage innovation in the EU industry. In view of that, this possibility would not gather the support of Member States.

The possibility of self-regulation was also considered. However, the experience obtained with applications for new fibre names has shown that the names proposed by the applicants are sometimes closer to brand names than to fibre names related to the properties of the fibre. In addition, the fibre definition proposed is often not in line with the fibre properties, providing therefore wrong information to the consumer. Finally, the testing methods included in the application file are almost always incomplete or not sound, preventing market surveillance authorities of assessing conformity correctly. All these points are sensitive to Member States, keen on examining the name and proposed definition as well as on introducing modifications where appropriate. These views are reiterated in the framework of the meetings of the Committee and the Working Group on Textile Names and labelling which take place regularly. Therefore, a non-legislative initiative was no further examined.

- Option 1: **no policy change** that would leave the situation as it is.
- Option 2: a regulatory approach in which the three Directives on Textile Names and Labelling would be replaced by one (or a series of) regulation(s), keeping both harmonised names and quantification methods within the EU legislative framework. Such replacement of the Directives by a regulation would provide a legal instrument which is directly applicable in Member States. This change is mainly of a technical nature as the provisions for the labelling of textile products and the institutional decision-making process are not affected.
- Option 3: a **combined regulatory/non-regulatory approach** in which a new regulation would contain the main provisions currently included in Directive 96/74/EC and the Directives on quantification methods would be replaced by European standards.

4.2. Development of sub-options

Further to the simplification of the legislative process, other possibilities to facilitate and reduce the time taken with the technical examination of the application files were considered.

Recent experience has shown that the application files for new fibre names are usually insufficient and incomplete. This situation implies that more information needs to be required from applicants, obliging to further testing work. It has happened that applicants have taken an additional period of 18 to 24 months to complete their applications with the required information; this situation occurs despite the fact that technical guidelines are available in DG Enterprise and Industry website. It was therefore decided to examine whether the inclusion of an Annex to the Regulation containing technical guidance would improve the situation.

To improve the quality of the technical files and, therefore, to facilitate the technical work required for adding a new fibre name to EU legislation, the following additional approaches have been considered within the options 2 and 3:

a) To include an annex in the legal act describing the technical file to be submitted by the manufacturer. This would effectively clarify the requirements for submitting an application for a new fibre name and make these binding (as opposed to the current non-binding/guideline status);

b) to identify recognised national laboratories which would support applicants in the preparation of a complete technical file (prior to applying for a new fibre name), with the recognised laboratory providing a report on the results of the analysis carried out. This would help to ensure that the application file contained all the information necessary. Overall, it is envisaged that:

- *applicants* will be responsible for the **development of methods to identify and quantify the new fibre** (however, in some cases the applicant may ask one of the recognised laboratories to undertake this step too);
- the *recognised laboratory*, identified by national authorities, will review the file and ensure that the application file meets the requirements of Commission services. A report from the laboratory, including data to support the validity of quantification methods would accompany the application file;
- the **use of recognised laboratories should remain voluntary** and therefore *the report* issued by the laboratory should not have a legal status; and
- the technical examination by the *Commission services* would focus on checking the adequacy of the application and validation of quantification methods. The Commission will remain responsible for commissioning ring trials when needed.

c) **a) and b) taken simultaneously.**

4.3. Description of options examined

The combination of each option with the different approaches to facilitate the technical examination resulted in a range of sub-options to be analysed focusing on their capacity to streamline the current procedure, save time and reduce costs.

Option 1: *No policy change* – this option will be analysed as the “baseline” scenario and each option will be compared with the current procedure;

Option 2: Adopt new regulation(s) – this involves replacing the three directives on textile names and labelling by one (or a series of) regulations, with sub-options as follows:

- Option 2.1: Adopt such new regulation(s) without any additional provisions;
- Option 2.2: Adopt such new regulation(s), adding an annex specifying the contents of the application file;
- Option 2.3: Adopt such new regulation(s), including provisions on the intervention of laboratories recognised by Member States;
- Option 2.4: Adopt such new regulation(s), including an annex specifying the contents of the application file and provisions on the intervention of laboratories recognised by Member States (Option 2.2 plus Option 2.3).

Option 2 will simplify the adaptation to technical progress. Member States no longer need to transpose the technical adaptations into national legislation resulting in a direct reduction of their administrative burden. In addition, the time related to the transposition of a Directive into national legislation is eliminated. Additional reductions in costs or increases in benefits are investigated within sub-options 2.2 to 2.4.

Option 3: Adopt a combined regulatory / non-regulatory approach - this means that a new regulation would contain the provisions currently included in Directive 96/74/EC (as amended) while the quantification methods would be transferred to the domain of standardisation.

- Option 3.1: Adopt such new regulation(s)/standardisation procedures without any additional provisions;
- Option 3.2: Adopt such new regulation(s)/standardisation procedures, adding an annex specifying the contents of the application file;
- Option 3.3: Adopt such new regulation(s)/standardisation procedures, including provisions on the intervention of laboratories recognised by Member States;
- Option 3.4: Adopt such new regulation(s)/standardisation procedures, including an annex specifying the contents of the application file and provisions to establish laboratories recognised by Member States (Option 3.2 plus Option 3.3).

In Option 3, it is examined whether the standardisation process may bring additional benefits or reductions of costs.

The assumptions for this option are more complex. A proposal for a European Standard may come from any interested party, such as the European Commission (EC), the European Free Trade Association (EFTA) and National Standards Bodies (NSB). There are two processes for adopting European standards:

- the ‘classical’ process, which generally takes up to 36 months to complete; and
- the shorter Unique Acceptance Process (UAP), which takes 8 - 12 months.

A description of the steps involved in adopting a standard is presented in Annex 3.

It was assumed that the UAP would be more commonly used in the case of textile fibre testing methods. Although CEN is not formally involved in the process of adopting a new fibre name, in practice the National Experts who assist the JRC always include members of the CEN relevant committees. This could in principle avoid entering into a classical process for the establishment of a standard. The risks associated with this possibility are highlighted in the conclusions. It was therefore retained a period of 12 months for the standardisation procedures.

The key uncertainty with Option 3 is whether a fibre with a new name could be placed on the market during the period when the test method was being converted to a standard. Two scenarios are, therefore, considered:

- **Case A:** This assumes that the marketing of the fibre under the new fibre name is possible as soon as the amendment to the regulation is published, **before** the agreed test methods are adopted as a European Standard by CEN. In essence, although the work by CEN takes 12 months, the fibre could be marketed during this period, with this then reflecting a best case situation. The time savings for Option 3 under this scenario are essentially equivalent to Option 2 (and its various sub-options); and
- **Case B:** This assumes that the marketing of the fibre under the new fibre name is only possible when the amendment to the regulation is published and **after** the agreed test methods are adopted as a European Standard by CEN. This is the worst case situation and essentially adds 12 months (the maximum time taken under UAP) to the time taken under Option 2 (and its various sub-options).

For all the options and sub-options above, Table I in Annex 2 presents a detailed description of the activities to be carried out during the process of preparation, assessment and approval of an application to a new textile fibre name, according to the five key steps described in section 2.3 and Annex 4.

5. ANALYSIS OF IMPACTS

5.1. Environmental and social impacts

It was considered if negative effects on environment and employment could result from the proposed simplification of the legislation.

With respect to environment, the legislative simplification does not appear to bring changes to the current situation. There is no evidence of environmental problems

associated with the rhythm of new textile fibres brought to the market. On the contrary, it could be argued that environmental benefits may arise from encouraging the production of fibres which can replace a natural fibre such as cotton, whose production process involves some environmental problems. Therefore, the investigation on potential negative effects resulting from putting an additional new textile fibre in the market each year was no further pursued.

A similar situation occurs with respect to employment. If any effects may result from bringing new textile fibres earlier to the market, those effects can only be positive. In fact, innovation associated with new textile fibres is a competitive advantage of the European textiles and clothing industry. Together with other aspects, it has contributed to enable the industry to go through deep modernisation and restructuring processes over decades and remain world leader in areas such as technical and industrial textiles and fashion. The trends in the sector show developments into less but larger and more modern companies employing less but better paid employees. The job losses in the European textile and clothing sector are mainly related to the changes in the combination of production factors at international level. In Europe, as compared to other regions in the world, the combination of technologies, know-how and labour force costs provide competitive advantages for the production of high value-added, quality and innovative products and companies are regularly dropping mass production. Within this framework, new textile fibres are contributing to giving a new shape for the textiles and clothing industry and in spite of a reduction in its share in the European economy, it remains at 3,5% of the manufacturing added value²⁰. Therefore, negative effects on employment resulting from the proposed legislative simplification were not identified and were not further examined.

5.2. Time Savings Associated with the Policy Options

5.2.1. Overview of time savings

The time taken in the different steps for the assessment and approval of the more recent applications was retained in the baseline scenario (current Directives). The time taken with the application that was more rapidly approved was identified as a best case scenario and the one taking more time to be approved generated the worst case scenario considered.

From the replies to the questionnaires from stakeholders, Member States and the JRC, the time was then estimated for the options developed in the section 4 above, according to the steps described in section 2.3. Table 5.1 below summarises the results of this analysis.

²⁰ Eurostat

| | <i>Option 1</i> | | <i>Option 2.1</i> | | <i>Option 2.2</i> | | <i>Option 2.3</i> | | <i>Option 2.4</i> | | <i>Option 3.1</i> | | <i>Option 3.2</i> | | <i>Option 3.3</i> | | <i>Option 3.4</i> | |
|---|--|--|--|---|---|---|-------------------|-----------|-------------------|-----------|-------------------|-----------|-------------------|-----------|-------------------|-----------|-------------------|-----------|
| Steps in the Application Process | BC | WC | BC | WC | BC | WC | BC | WC | BC | WC | BC | WC | BC | WC | BC | WC | BC | WC |
| Step 0 - Preparation of Application ² | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Step 1 - Submission of Application ² | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Step 2 – Assessment of Application | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 |
| Step 3a – Convening Working Group | 6 | 18 | 6 | 18 | 3 | 6 | 3 | 9 | 3 | 3 | 6 | 18 | 3 | 6 | 3 | 9 | 3 | 3 |
| Step 3b – JRC & Ring Trials | 9 | 15 | 9 | 15 | 9 | 15 | 6 | 9 | 6 | 9 | 9 | 15 | 9 | 15 | 6 | 9 | 6 | 9 |
| Step 3c/3d – Report on Technical Examination | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 |
| Step 4 – Draft Proposals | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 | 1 | 3 |
| Step 5a – Directive/Regulation Amended | 6 | 12 | 6 | 12 | 6 | 12 | 6 | 12 | 6 | 12 | 6 | 12 | 6 | 12 | 6 | 12 | 6 | 12 |
| Step 5b – Standard adopted by CEN (Option 3) | | | | | | | | | | | 0 | 12 | 0 | 12 | 0 | 12 | 0 | 12 |
| Step 5c – Transposition (Option 1) | 12 | 12 | | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Option 1: Total Number of Months | 36 | 66 | | | | | | | | | | | | | | | | |
| Option 2: Total Number of Months | | | 24 | 54 | 21 | 42 | 18 | 39 | 18 | 33 | | | | | | | | |
| Option 3: Total Number of Months up to CEN publication of European Standard | | | | | | | | | | | 24 | 66 | 21 | 54 | 18 | 51 | 18 | 45 |
| | <i>Option 1 (the current process) could take 36 - 66 months in total</i> | <i>Option 2.1 shows a 12 month time saving compared to Option 1, as MS no longer have to transpose Directive</i> | <i>Option 2.2 shows a 3-12 months time saving compared to Option 2.1 due to guidance on application file</i> | <i>Option 2.3 shows a 6-15 months time saving compared to Option 2.1 through use of recognised laboratories</i> | <i>Option 2.4 shows a 18-33 months time saving compared to Option 1</i> | <i>The best case scenario under Option 3 is the same as the best case Scenario under Option 2. However, under worst case assumptions, the time savings in Option 2 may be largely offset under Option 3 by the 12 months needed for a standard going through CEN.</i> | | | | | | | | | | | | |
| <p>1. The time taken for Option 1 is based on experience to date (from the three amendments completed in the last five years), of the minimum and maximum time actually taken for each step. Because of the small number of cases, it is not possible to provide a meaningful average time.</p> <p>2. Submission of the application is taken as the start of the process. In practice, some sub-options may affect the time taken by the applicant to prepare an application. .</p> | | | | | | | | | | | | | | | | | | |

5.2.2. Time savings associated with Option 2 (Regulation)

Under best case assumptions for Option 1, the time savings for Option 2 are estimated as being between 12 and 18 months. A 12 months time saving is associated with the fact that Member States no longer have to transpose an amending Directive into national legislation. A further 3 to 6 months are expected to be saved due to a more developed technical guidance for applicants and through the use of recognised laboratories.

Under worst case assumptions for Option 1 (delays occur in several of the steps and the fibre and/or quantitative methods are technically complex), the maximum time savings delivered by Option 2 would be up to 33 months. The variation in savings across the sub-options to Option 2 is shown in Table 5.2.

| Options | Best Case | Worst Case |
|------------------------------|-----------|------------|
| <i>Time taken – baseline</i> | 36 | 66 |
| Time savings - Option 2.1 | 12 | 12 |
| Time savings - Option 2.2 | 15 | 24 |
| Time savings - Option 2.3 | 18 | 27 |
| Time savings - Option 2.4 | 18 | 33 |

The analysis suggests that Option 2.4 has the potential for delivering the most significant overall reductions in the amount of time taken from the point of application to being able to market a fibre under a new name. Under the worst case assumptions, the additional savings could be up to 6 months greater than for the other sub-options, while under the best case assumptions there may be no difference between this sub-option and sub-Option 2.3.

5.2.3. Time savings associated with Option 3 (Regulation + Standardisation)

As mentioned in section 4.2, the assumptions for Option 3, the combined regulatory and non-regulatory option, are more complex. Two scenarios are, considered depending on the moment when a fibre with a new name could be placed on the market.

The differences in the time savings under Scenarios A and B for Option 3 are set out in Table 5.3. Essentially, if it is assumed that the process stops after Step 5a (which concludes with the amendment of the regulation), then the time savings is the same as for Option 2; if the process does not stop until after Step 5b (including approval by CEN), then the time savings are reduced by 12 months across all sub-options.

| Options | Best Case | Worst Case |
|--|-----------|------------|
| <i>Time taken - baseline</i> | 36 | 66 |
| Case A - Fibre can be placed on the market after Step 5a (equivalent to Option 2) | | |
| Time savings - Option 3.1 | 12 | 12 |
| Time savings - Option 3.2 | 15 | 24 |
| Time savings - Option 3.3 | 18 | 27 |
| Time savings - Option 3.4 | 18 | 33 |
| Case B - Fibre can be placed on the market after Step 5b (adoption of the standard) | | |
| Time savings - Option 3.1 | 0 | 0 |

| Table 5.3: Potential Time Savings Compared to Baseline: Option 3 Scenarios | | |
|--|-----------|------------|
| Options | Best Case | Worst Case |
| Time taken - baseline | 36 | 66 |
| Time savings - Option 3.2 | 3 | 12 |
| Time savings - Option 3.3 | 6 | 15 |
| Time savings - Option 3.4 | 6 | 21 |

Figures 5.1 and 5.2 illustrate the impacts of each policy option on the time taken for each step required to adopt a new fibre name (under best and worst case assumptions) relative to Option 1.

Figure 5.1: Time Taken (Best Case) For Each Step of the Application Process

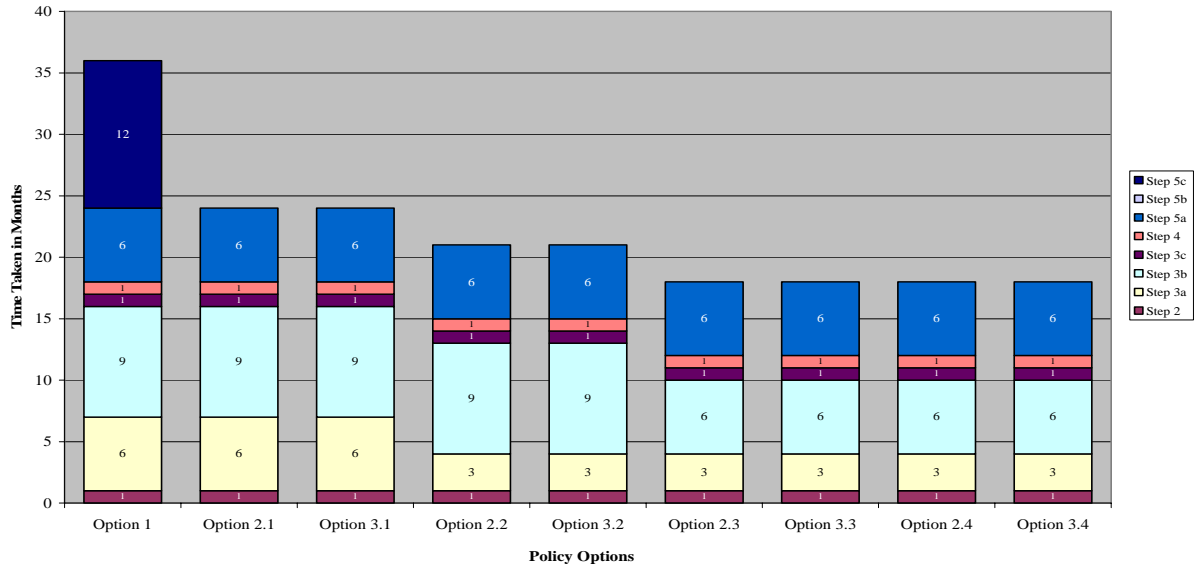
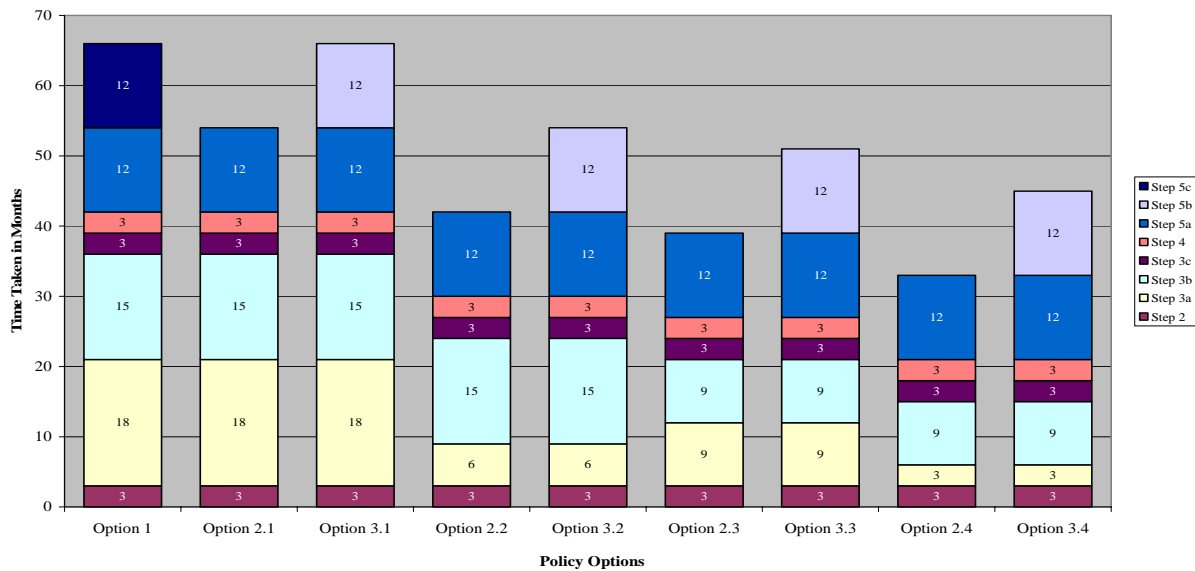


Figure 5.2: Time Taken (Worst Case) For Each Step of the Application Process



5.3. Costs and Benefits of the Policy Options

5.3.1. Assumptions and costs estimations

The first step was to determine the baseline – the costs and benefits associated with the current situation. However, only three applications for new fibre names have been completed in the last five years, with a further two under way, providing a limited evidence base. Furthermore, only limited information was received from textile/fibre manufacturers.

Given the lack of concrete data, it was necessary to make a series of assumptions to provide the basis for the analysis. A number of assumptions and scenarios have been derived to provide best estimates of the potential costs and benefits of the various policy options. These assumptions and estimates are based on information obtained from consultation (for instance, with CIRFS/BISFA) and/or obtained from previous (related) studies or other referenced sources. The assumptions have been reviewed and agreed by CIRFS/BISFA.

The uncertainty also meant that relatively wide ranges are provided for most variables, as the data base was insufficient to provide averages or to determine the probabilities that values would fall at particular points on the range.

In estimating the costs and benefits (costs savings) relating to the policy options, the emphasis is on three main types of cost:

- the **administrative costs** incurred by industry, the Commission and Member States in relation to the technical examination and by Member State authorities related to the transposition of EU Directives into national legislation. Industry may also incur additional testing costs in meeting requests for additional data during the technical examination;
- the **sales/revenue lost** as a function of the time taken between the introduction of the application for a new fibre name and the moment at which the fibre can be legally put on the EU market; and
- the **impact on innovation**, development of new products or processes and on the overall research and innovation potential of the textile sector, taking into account the specific circumstances of Small and Medium Enterprises (SMEs).

A summary of the assumptions is as follows:

- two cost scenarios have been developed: a **high cost scenario** (based on information provided by industry) and a **low cost scenario** (based on information from previous related studies). Furthermore, “lower bound” and “upper bound” costs have been derived for each of these above scenarios to provide for a more robust assessment. The “lower bound” costs show the costs of the best cases in terms of time taken in the application process as explained in section 5.2, while the “upper bound” costs show the costs of the worst cases. These scenarios and the resulting cost estimates have been reviewed and agreed by industry representatives (CIRFS/BISFA);

- costs have been calculated **per fibre name application** focussing on three main types of cost: administrative costs, losses of revenue from delays in bringing new fibres to market and impacts on innovation. The cost calculations are based on a series of simple spreadsheet models, in line with the concepts underlying the EU Standard Cost Model, although sufficiently detailed data were not available to give a full breakdown of costs by activity;
- for simplicity, a current rate for applications for new fibre names of **one per year** has been used, although the actual fibre application rate in the last 10 years is around 0.6/0.8 per year (three or four fibre applications every five years). In effect, the cost or benefit per application is equivalent to an annual cost or benefit;
- these annual costs and benefits have been calculated over a ten-year time period, discounted at 4% to provide a consistent basis for comparison. The 10-year period takes account of the period over which the benefits of a new fibre will mainly accrue; and
- the major non-economic impacts not readily subject to monetary valuation appear to accrue to consumers. These have been highlighted.

The main staff time costs for industry associated with an application arise before submitting an application, during the preparatory stages; these costs are mainly related to the research and development of a new fibre and they are not influenced by the process of approval of a new fibre name. Therefore they are not included in the impact assessment. Staff time will also be required during the application process; this is included in the impact assessment. CIRFS/BISFA indicated that one to three staff members are always present at meetings and submissions, and suggested that these staff work full-time on the application at a cost of up to €1 million throughout the two to three years that an application takes to reach the point when an amendment to the Directives is adopted at EU level (Steps 2 to 5a²¹). This implies a cost of around €300,000 per year for three staff or €3,300 per person per month on average. This was adopted as the **high-cost** scenario.

The external consultant previous work on other application processes allows the conclusion that both this time estimate and the cost per person may be on the high side. In fact, in some cases the cost may be close to half of the indicated in the high cost scenario. Therefore it was assumed that the average cost may vary between the high cost scenario and the half of it, meaning €150,000 per year or €1,160 per month per person. In addition, it is also assumed that three staff will only work full-time on the application during the stages where there is likely to be communication between the Commission and the applicant, meaning during the assessment of the application, the working group discussions and the preparation of the report on the technical examination (Steps 2, 3a and 3c). They will not work on the application during other stages, in particular during the preparation of the Commission's proposal and the transposition of the amendments into national legislation. (steps 1, 4 and 5). This was adopted as the **low-cost** scenario.

²¹ According to CIRFS/BISFA, companies undertake no additional work during the period when the amended Directives are being transposed by the Member States.

Table 5.4 below sets out the average costs of staff working on a fibre, for both the low and the high cost scenarios.

| | Low Cost Scenario | High Cost Scenario |
|---|-------------------|--------------------|
| Average cost per man-hour of staff working on fibre | €25 | €50 |
| Average cost per man-day of staff working on fibre ¹ | €200 | €400 |
| Average cost per man-month of staff working on fibre ² | €4,166 | €8,333 |
| Average cost for 3 staff per month³ | €12,500 | €25,000 |
| Average cost for 3 staff per year | €150,000 | €300,000 |
| Average cost for 3 staff over 3 years | €450,000 | €900,000 |
| 1. Based on an 8-hour working day 2. Based on a 21-day working month 3. In practice, industry has suggested that this represents the costs of one to three staff. It could therefore represent one very senior manager or technical expert; three “middle level” administrative staff, or any number of permutations of these. Based on the limited data available, there is no sound basis to allocate the costs between them. | | |

Applying the average monthly cost of €12,500 and €25,000 to the number of months required for each step of the current application process (Option 1) (as set out in Table 5.1), the administrative costs for industry under both the low and high cost scenarios are illustrated in Table 5.5. This shows costs ranging from **€100,000 to €300,000 per application** under the **low cost scenario** and costs ranging from **€600,000 to €1,350,000 per application** for the **high cost scenario**.

| Steps in the Application Process | Low Cost Scenario ¹ | | High Cost Scenario ² | |
|--|--------------------------------|-----------------|---------------------------------|-------------------|
| | Lower Bound | Upper Bound | Lower Bound | Upper Bound |
| Step 1 - Submission | - | - | - | - |
| Step 2 - Assessment | €12,500 | €37,500 | €25,000 | €75,000 |
| Step 3a - Working Group | €75,000 | €225,000 | €150,000 | €450,000 |
| Step 3b - JRC & Ring Trials | - | - | €225,000 | €375,000 |
| Step 3c - Working Group | €12,500 | €37,500 | €25,000 | €75,000 |
| Step 4 - Draft Proposals | - | - | €25,000 | €75,000 |
| Step 5a - Directive Amended | - | - | €150,000 | €300,000 |
| Total | €100,000 | €300,000 | €600,000 | €1,350,000 |
| 1. Assumes three staff work full-time throughout steps 2, 3a and 3c, at a total cost of €12,500 per month 2. Assumes three staff work full-time throughout steps 2 to 5a, at a total cost of €25,000 per month The Lower and Upper Bound represent costs associated with each step in the “best-case” and “worst-case” scenarios respectively for Option 1 (as set out in Table 5.2) | | | | |

Under both the high and low cost scenarios, reducing the time taken for the application process will reduce the administrative burden on industry.

Tables 5.6 and 5.7 show the impact on the administrative costs of the different timescales for the application process (from Table 5.1) under the low and high cost scenarios.

| Options | Best Case (Months) | Worst Case (Months) | Lower Bound (€) | Upper Bound (€) |
|------------|--------------------|---------------------|-----------------|-----------------|
| Option 1 | 8 | 24 | €100,000 | €300,000 |
| Option 2.1 | 8 | 24 | €100,000 | €300,000 |

| | | | | |
|--|---|----|---------|----------|
| Option 2.2 | 5 | 12 | €62,500 | €150,000 |
| Option 2.3 | 5 | 15 | €62,500 | €187,500 |
| Option 2.4 | 5 | 11 | €62,500 | €137,500 |
| 1. Assuming three staff work full time at a cost of €12,500 per month throughout steps 2, 3a and 3c. | | | | |

Table 5.7: Administrative Costs to Industry per Application¹ Associated with Different Timescales for Application Process – High Cost Scenario

| Options | Best Case (Months) | Worst Case (Months) | Lower Bound (€) | Upper Bound (€) |
|---|--------------------|---------------------|-----------------|-----------------|
| Option 1 | 24 | 54 | €600,000 | €1,350,000 |
| Option 2.1 | 24 | 54 | €600,000 | €1,350,000 |
| Option 2.2 | 21 | 42 | €525,000 | €1,050,000 |
| Option 2.3 | 18 | 39 | €450,000 | €975,000 |
| Option 2.4 | 18 | 33 | €450,000 | €825,000 |
| 1. Assuming three staff work full time at a cost of €25,000 per month throughout the application process. | | | | |

As explained before the costs associated with the research and development of a new fibre are not influenced by the process of approval of a new fibre name and therefore they are not included in the impact assessment. However, in addition to the administrative costs, applicants also face costs in developing test methods for the quantification and identification of the new textile fibre in order to enable market surveillance authorities to assess if the information provided in a textile label is in conformity with the content of the textile or clothing product bearing the label.

Discussions with CIRFS/BISFA indicate that administrative costs account for around 60% to 80% of total costs of supporting an application, with test development accounting for the remaining 20% to 40%. In order to reduce the potential number of combinations between administrative costs and testing costs, we have considered in this report that, in the lower bound of both low and high cost scenarios, administrative costs account for 80% of the total costs and testing costs account for the remaining 20%. In the upper bound, administrative costs account for 60% of the total costs and testing costs account for the remaining 40%.

The rationale for these assumptions is that the lower bound shows the costs of the best cases in terms of time taken (more rapid) in the application process as explained in section 5.2, probably involving an easier and less costly testing work. It was assumed that the opposite situation occurs in the worst cases (more time taken in the application process).

On this basis, for Option 1, industry costs in developing test methods could range from €25,000 to €200,000 for the low case scenario and €150,000 to €900,000 for the high cost scenario, per application, as illustrated in Table 5.8.

Although the test development costs have been derived from the administrative costs, these test development costs are assumed to be fixed costs which will not necessarily be affected as a result of the shorter time periods under any of the policy options. Hence, the testing costs derived for Option 1 are applied to all Options.

The test development costs could be increased, if further testing is required during the technical examination stage, as shown in table 5.8 below. Based on the

experience with recent applications for new fibre names, which have generally required additional technical information, implying further testing, the hypothesis of a 50% increase was retained. This would imply additional test development costs of €12,500 to €100,000 for the low cost scenario and €75,000 to €450,000 for the high cost scenario, as part of the additional work during the technical examination step.

| | Low Cost Scenario | | High Cost Scenario | |
|---|-----------------------|-----------------------|-----------------------|-------------------------|
| | Lower Bound | Upper Bound | Lower Bound | Upper Bound |
| Option 1 - Administrative costs ¹ | €100,000 | €300,000 | €600,000 | €1,350,000 |
| Total administrative and test development costs | €125,000 ² | €500,000 ³ | €750,000 ² | €2,225,000 ³ |
| Test development costs ⁴ | €25,000 | €200,000 | €150,000 | €900,000 |
| Additional testing costs ⁵ | €12,500 | €100,000 | €75,000 | €450,000 |

1. Administrative costs taken from Table 5.5.
2. Lower Bound assumes that administrative costs account for 80% of the total costs of preparing an application.
3. Upper Bound Assumes that administrative costs account for 60% of the total costs of preparing an application.
4. Calculated from total costs minus administrative costs.
5. Assumes an additional expenditure of 50% of test development costs if further testing is required during the technical examination.

5.3.2. Costs and Benefits of Option 1 (baseline scenario)

Industry

On the basis of the assumptions set out above, the administrative and testing costs to a company under the current process range from **€137,500**, in the case of the less time consuming application process, to **€2.7 million per application**, in the worst case on time taken in the application process, as shown in Table 5.9 below. The top end of this range appears to be quite high based on information provided by one company, which had spent €2 million so far in tests, research and development and submissions relating to a fibre (the estimates shown in table 5.9 do not include research and development costs as these are incurred before an application is made).

| | Low Cost Scenario | | High Cost Scenario | |
|--|-------------------|-----------------|--------------------|-------------------|
| | Lower Bound | Upper Bound | Lower Bound | Upper Bound |
| Administrative costs | €100,000 | €300,000 | €600,000 | €1,350,000 |
| Test development costs | €25,000 | €200,000 | €150,000 | €900,000 |
| Further testing during technical examination (where necessary) | €12,500 | €100,000 | €75,000 | €450,000 |
| Total | €137,500 | €600,000 | €825,000 | €2,700,000 |

Assuming that the current rate of applications continues, at around 1 per year, the total **annual costs to industry** (undiscounted) would be **€137,500 to €2.7 million per application**. Assuming a 4% discount rate for costs incurred in future years gives total costs to industry over ten years of between **€1.25 million to €25 million**.

The main **benefit** to industry of having a new textile name is the marketing value. CIRFS/BISFA has suggested that a new textile fibre with a new generic name can generate an extra €100,000 to €1 million in revenue in its first year, rising to

€500,000 to €2 million in the second year. This gap between potential revenues is explained by a smaller or wider use of the new fibre as a result of its own success or of being a speciality fibre with a niche market as compared to a commodity fibre benefiting from a mass market. Because of uncertainties over the timing of revenue increases, it was assumed that annual benefits per fibre per year will range from €100,000 to €2 million. If such benefits accrue over 10 years (based on discussion with CIRFS/BISFA) and a 4% discount rate applies, this gives benefits of between **€10,000 and €18.2 million per fibre**. This indicates that the benefits of Option 1 significantly outweigh the costs.

Sales of some new fibres which were given new generic names recently have been in the region of €10 million to €50 million; although this level of sales depends on timing and other business factors. It also depends on whether the new fibre is being marketed as a speciality fibre or a commodity fibre. Most fibres with new generic names start off as speciality fibres, with the hope that they can become a commodity fibre in future. A whole new business unit can be a spin-off as a result of this change.

Consumers

The main benefit to consumers of Option 1 is that it provides certainty that the named fibres contained within textile products meet specified characteristics and that Competent Authorities have a basis for testing textile products to ensure that they contain the named fibres. This benefit could not be quantified, as none of the consumer organisations contacted is actively working on the issue of textile fibre names.

However, this benefit will apply equally to all Options with the only difference being in how quickly the benefit is realised; the lack of quantification therefore does not affect the relative costs and benefits of the Options.

Public Authorities

The costs to the Commission of Option 1 are estimated at approximately **€300,000 - €400,000 per application**. According to JRC, ring tests cost around €20,000 while other activities undertaken on behalf of the Commission involving the full laboratory analysis of the new textile fibre cost around €250,000. In addition, meetings of the Committee on Textile Names and Labelling are likely to cost around €15,000 for the travel expenses of participants, plus the costs of the room and translation facilities, provided by the Commission. Assuming a 4% discount rate, this gives total costs to the Commission over ten years of between **€2.7 million to €3.6 million**.

There are also staff time costs to Competent Authorities in the EU-27 in attending meetings of the Working Group and the Committee and costs to national experts in attending meeting(s) convened by the JRC. The scale of these costs will depend on the number of meeting days and the cost per day of Competent Authority staff. As these factors are unlikely to vary significantly between the Options, they are not discussed further.

5.3.3. *Costs and Benefits of Option 2.1*

Industry

The costs to industry under this sub-option will be the same as those under Option 1 (shown in Table 5.9), as there is no change to the application process, only removal of the process of transposition of amendments to the Directives into Member State national laws.

There would also be no administrative cost savings to industry from completing the process of adding a new fibre name one year earlier, as there is no administrative activity during transposition.

There is a benefit to industry from this option related to the advantage of being able to market a fibre with a new name one year earlier.

CIRFS/BISFA has indicated that delays in the time taken in granting a new fibre name could result in companies:

- facing a longer gap between investment in the fibre and realisation of profit;
- realising a reduced period of patent protection due to the delay between filing and being able to take advantage of a patent for marketing; and
- losing time which could have been used in the creation of market awareness with corresponding premium price setting (i.e. obtaining extra margins for a fibre with a new generic name).

According to CIRFS/BISFA, the main benefit of speeding up the process is the support which is given to the marketing strategy of the company which has applied for the fibre name. For instance, for one of the fibres (currently going through the process), the company involved is not manufacturing any other fibre. The whole business is, therefore, dependent on the success of this fibre. This may not be the case for other companies, but whole business units or sections may be dependent on the time it takes a certain fibre to get to market. Speeding up the process, therefore, enables a company to strengthen its position overall

In the absence of detailed information, two scenarios have been used to estimate the potential losses which might arise from delaying the placing on the market of a fibre with a new name, and thus the benefits of reducing such delays:

- **Scenario 1** assumes that the only impact of a delay is to increase the time between investment in the fibre and the generation of revenues (of €100,000 to €2 million per year); there is no reduction in the overall revenue from the fibre. Table 5.10 sets out the first-year benefits of avoiding a one-year delay in receiving revenues (assuming a 4% discount rate) for different annual revenue values. These benefits range from around **€4,000 to €7,000 per fibre**. Assuming the current rate of one new fibre per year continues, the total benefits incurred by industry over a 10 year period from avoiding the one-year delay are between **€35,000 and €700,000** (at 4% discount rate). As a conservative estimate, only the first-year benefits have been included. This reflects the significance to companies of avoiding a year where costs are incurred but no benefits are received (therefore, the company might incur borrowing costs). These first-year benefits will arise over the 10-year time period for analysis, as each fibre is placed on the market. Thus, an alternative approach would be to compare the net present value of the revenue stream for

each fibre with, and without, a one-year delay. This results in a higher benefit per fibre, of **£31,000 to £624,000 per fibre**. However, the total benefits to industry would be difficult to determine, as they would accrue at different times over a total period of 19 years as a minimum (from the start of the revenue stream for the first fibre to the end of the revenue stream for the 10th fibre, assuming that the introduction of new fibres is constant at one per year). Note that this may not be the case in practice. The average figure of one fibre per year may relate to two or three fibres introduced in a given year followed by no new fibres in the following two or three years (consistent with what currently appears to be the case). As assumptions on the timing of these new fibres coming to market will change the present value estimate, it was decided to provide an indication of the benefits in relation to one fibre only.

| | Lower Bound | Upper Bound |
|---|--------------------|--------------------|
| Annual revenue per fibre | €100,000 | €2 million |
| First-year benefits per fibre of avoiding a 1 year delay in achieving in additional revenue (discounted at 4%) | €3,846 | €76,923 |
| Total first year benefits to industry over 10 years of avoiding a 1 year delay in achieving additional revenue for 10 fibres (discounted at 4%) | €35,041 | €700,837 |

- **Scenario 2** assumes that the delay in placing the fibre on the market results in a loss of one year’s revenue; this could occur, for example, if the period of sales under patent protection is one year shorter. In this case (Table 5.11), the benefits of reducing delay by one year would be equivalent to one year’s revenue of **€100,000 to €2 million per fibre**. Assuming the current rate, of one new fibre per year, the total benefit to industry from avoiding a one-year loss of profits could be equivalent to **€11,000 to €18.2 million** over 10 years (using a 4% discount rate).

| | Lower Bound | Upper Bound |
|--|--------------------|--------------------|
| Extra Revenue per Fibre | €100,000 | €2 million |
| Loss from 1 year Delay for the first fibre | €100,000 | €2 million |
| Total benefits to industry over 10 years of avoiding a 1 year delay in achieving additional revenue (discounted at 4%) | €911,090 | €18,221,792 |

The wide gap between the values obtained with scenarios 1 and 2 above do not allow an undisputable conclusion. However, it is legitimate to assume that the potential direct benefits for industry from avoiding one year delay in placing a new fibre on the market may be substantial.

Consumers

This option would result in no change in the benefits for consumers of the Textiles Directives, but the benefits would be brought forward by one year.

Public Authorities

Option 2.1 involves replacing the three directives on textile names and labelling by one (or a series of) regulations. In terms of administrative burden:

- cost savings are expected for the Commission, including the JRC, and the Committee on Textile Names and Labelling. The Commission may incur savings through not having to deal with queries from Member States regarding technical problems with transposing the legislation and with the checking of transpositions. However, there is no real change in their current responsibilities; and
- cost savings are expected for Member State authorities, from no longer having to transpose amendments to Directives. According to information provided in the regulatory impact assessment by the UK for the last amendment of the UK textiles legislation²², the costs of amending current national legislation to implement an amended Directive are around £700,000 (around €1 million). It was not possible to obtain details on these costs. However, even assuming that these costs may be lower in most Member States, the benefits to them of not having to transpose amendments to Directives appear to be considerable.

5.3.4. Costs and Benefits of Option 2.2

Industry

Option 2.2 involves adopting new regulation(s) and adding an annex specifying the contents of the application file. As indicated previously in this report, the experience with the applications for new fibre names put forward by companies in recent years has shown that additional technical information from applicants is always needed. Obtaining the required information from the involved enterprises has taken more than 12 months in some cases. It is estimated that the submission of a complete or close to complete application file could bring potential time savings for Option 2.2 compared to Option 1 of 3 to 12 months, as indicated in Table 5.2.

| | Low Cost Scenario | | High Cost Scenario | |
|--|-------------------|-----------------|--------------------|-----------------|
| | Lower Bound | Upper Bound | Lower Bound | Upper Bound |
| Administrative costs of Option 1 per fibre | €100,000 | €300,000 | €600,000 | €1,350,000 |
| Administrative costs of Option 2.2 per fibre | €62,500 | €150,000 | €525,000 | €1,050,000 |
| Cost Saving per Fibre | €37,500 | €150,000 | €75,000 | €300,000 |
| Discounted at 4% over 10 years | €341,659 | €1,366,000 | €683,317 | €2,733,269 |

Table 5.12 above shows the potential administrative cost savings arising from the time reduction, for the high and low cost cases. These range from **€37,500 to €300,000 per application**. Assuming that the rate of applications remains at one per year for 10 years, the total benefit to industry over 10 years would be between **€340,000 and €2.7 million** at a 4% discount rate.

²² DTI (2006): **Full Regulatory Impact Assessment, The Textile Products (Indications of Fibre Content) (Amendment and Consolidation of Schedules of Textile Names and Allowances) Regulations 2006**, UK Department for Trade and Industry, 13th December 2006.

The industry may save testing costs which result from additional testing that has been always required by the Commission services and Member States national experts in the assessment of recent applications. However, to keep a cautious approach, these potential cost savings were not taken into account for Option 2.1.

The benefits already calculated for Option 2.1 with regard to the 12 months spared with the Directives transposition process, therefore avoiding one year delay in placing a fibre on the market as shown in Tables 5.10 and 5.11, would also apply for Option 2.2.

Furthermore, the inclusion of a technical annex in the regulation describing the requirements of the application file (Option 2.2) is considered to bring additional time savings between 3 to 12 months as compared to Option 2.1 (Table 5.2). This shorter timescale would imply further benefits, estimated in Table 5.13 below. These additional benefits could range from around **€1,000**, considering the assumptions of scenario 1 in Option 2.1, to **€2 million**, considering the assumptions of scenario 2 in Option 2.1. These benefits could be equivalent to between **€9,100 and €18.2 million** over 10 years (discounted at 4%).

| | Lower Bound | Upper Bound |
|---|--------------------|--------------------|
| Annual revenue per fibre ¹ | €100,000 | €2 million |
| Scenario 1: Benefits of avoiding a 1 year delay in achieving additional revenue (discounted at 4%) ¹ | €3,846 | €76,923 |
| Scenario 2: Benefits of avoiding a 1 year delay in achieving additional revenue (discounted at 4%) ¹ | €100,000 | €2 million |
| Scenario 1: Delay in Revenue | | |
| Additional benefits of a further 3 month reduction in the time taken to achieve revenue ² | €62 | €19,230 |
| Additional benefits of a further 12 month reduction in the time taken to achieve revenue | €3,846 | €76,923 |
| Scenario 2: Loss of Revenue | | |
| Additional benefits of avoiding loss of 3 months revenue ² | €25,000 | €500,000 |
| Additional benefits of avoiding loss of 12 months revenue | €100,000 | €2 million |
| 1. See Tables 5.10 and 5.11. | | |
| 2. Calculated as 25% of benefits of avoiding a one-year delay | | |

CIRFS/ BISFA is of the opinion that the long timescale of the current process cannot be blamed on unclear guidance and, therefore, that this Option would not result in additional savings compared to Option 2.1. CIRFS/BISFA considers that the current guidance is quite clear, but, as with any other type of guidance, there is always scope to provide further support, whether by the Commission or BISFA. The practical reality is that companies do not submit applications on a regular basis for a new generic name and, as such, they are always going to be relatively inexperienced in preparing a dossier (without some additional help). However, CIRFS/BISFA has later (July 2008) suggested that an annex containing technical guidance would provide helpful support to applicants. The JRC considers that clear guidance would significantly help both applicants (who would clearly know what information they have to provide) and the JRC (which would receive much more complete information).

The JRC indicates that the aspect of applications which would benefit the most from such guidance is the part linked to analytical methods for identification,

quantification and characterisation of new fibres. In its experience, this part is rarely complete and sometimes missing and never includes experimental data to support the proposed quantitative methods. This gives the impression that the proposed methods have not been fully tested in-house.

JRC considers that, ideally, the application should contain not only a complete description of the proposed methods but also data concerning their development, their robustness and their in-house performances, so that when the JRC checks the validity of the methods, it would have data for comparison. Applications should also contain the quantitative behaviour of the new fibre with the already established methods. JRC considers that, if the guidance obliges applicants to present experimental data to support the proposal of new analytical methods, this would probably avoid the presentation of inadequate methods to the JRC as well as time wasted in demonstrating the inadequacy.

Consumers

This option would result in no change in the benefits for consumers, but the benefits would be brought forward by further 3-12 months compared to Option 2.1.

Public Authorities

The Commission may incur some costs from having to prepare guidance for the applicants to a new fibre name. These costs do not imply specific financial expenses. They are related to the time required from Commission officials to prepare and discuss an annex with technical guidance to include in the Regulation. The preparation of a guidance document may take the equivalent of one to two weeks of the work of one Commission official, including contacts with other Commission services and with industry representatives.

Some additional benefits are expected for the Commission from Option 2.2, compared to Option 2.1. These may arise from having to place fewer requests for further information to industry as the files received are in a more complete form. This could result in some time savings; however, the scale of these cost savings is uncertain and cannot yet be quantified. In the long-term, it is likely that the on-going benefits of creating guidance will outweigh the additional one-off costs.

No additional benefits are expected for Member State authorities, compared to Option 2.1. Member States authorities do, however, believe that creating guidance would clarify the requirements and necessary elements of the application and thereby shorten the time of the application process.

5.3.5. Costs and Benefits of Option 2.3

Industry

Option 2.3 involves including provisions to establish a list of laboratories recognised by Member States that possess the capacities to assess an application for a new textiles fibre name. As explained before, this option, as compared to the baseline scenario (Option 1), saves time in the assessment and approval of a new textile fibre name. As a result, administrative costs for industry are lower. As shown in Table

5.14, the savings in administrative costs would be between **€37,500** (lower bound, low cost scenario) and **€375,000** per fibre (upper bound, high cost scenario).

However, industry could incur costs in paying national laboratories to review dossiers before an application is made to the Commission for a new fibre name. The extent of the costs will depend on the degree to which tests by national laboratories replace those that would currently be carried out by industry, rather than duplicating work that industry undertakes.

In order to provide an indication of the costs, it was assumed (based on discussions with CIRFS/BISFA) that 10% to 25% of the work on test methods currently undertaken by companies will be repeated by laboratories. Accordingly, additional costs of 10% were taken into account for the lower band of low and high cost scenarios and increased costs of 25% were considered for the upper band in both scenarios. Applying these percentages to the costs of developing test methods, shown in Table 5.8, results in an additional cost to industry for the tests duplicated by the laboratories of between **€2,500 and €225,000 per fibre**.

CIRFS/BISFA, however, does not consider that there would be any extra costs to companies from Option 2.3, as it currently encourages members to make use of external laboratories in preparing their application. Rather, the advantage is that the Commission does not spend time and money repeating work already done by industry. Using national laboratories might increase the time taken to put together an application dossier (Step 0); however, this step is not addressed in this impact assessment because it takes place before an application is submitted.

By using the services of recognised laboratories to prepare an application file, applicants will very likely present a complete dossier. Therefore, companies will save the costs incurred on the further testing that has been always needed with recent cases during the assessment of the application as a result of the incompleteness of the files. These costs range from €12,500 to €450,000. As shown in Table 5.14 below net savings in test development costs could fall within a range of between **€10,000 and €225,000**.

To sum up, net administrative and test developing cost savings would be between **€47,500 and €600,000 per fibre**. Assuming that the rate of applications remains at one per year for 10 years, the total benefit to industry over 10 years would be between **€432,000 and €5.5 million** (at a 4% discount rate).

| | Low Cost Scenario | | High Cost Scenario | |
|--|-------------------|-----------------|--------------------|-----------------|
| | Lower Bound | Upper Bound | Lower Bound | Upper Bound |
| <i>Administrative Costs</i> | | | | |
| Administrative costs of Options 1 and 2.1 ¹ | €100,000 | €300,000 | €600,000 | €1,350,000 |
| Administrative costs, Option 2.3 ¹ | €62,500 | €187,500 | €450,000 | €975,000 |
| Savings in administrative costs² | €37,500 | €112,500 | €150,000 | €375,000 |
| <i>Test Development Costs</i> | | | | |
| Current test development costs (Option 1) ³ | €25,000 | €200,000 | €150,000 | €900,000 |
| Additional cost of repeating tests ⁴ | €2,500 | €50,000 | €15,000 | €225,000 |
| Savings from not repeating tests during | €12,500 | €100,000 | €75,000 | €450,000 |

| technical examination ³ | | | | |
|--|----------------|-----------------|-----------------|-----------------|
| Savings in test development costs (savings from non-repetition minus additional costs from repeating tests) | €10,000 | €50,000 | €60,000 | €25,000 |
| Total cost savings (savings in administrative costs plus savings in test development costs) | €47,500 | €162,500 | €110,000 | €600,000 |
| Discounted at 4% over 10 years | €432,768 | €1,480,521 | €1,913,288 | €5,466,537 |
| 1. From Tables 5.6 and 5.7. 2. Current administrative costs (Option 1) minus administrative costs under Option 2.3 3. From Table 5.8: additional testing costs. 4. 10% duplication – lower bound; 25% duplication – upper bound | | | | |

As indicated for Option 2.2 above, the benefits already calculated for Option 2.1 with regard to the 12 months spared with a regulation on the Directives transposition process, therefore avoiding one year delay in placing a fibre on the market as shown in Tables 5.10 and 5.11, would also apply for Option 2.3.

Furthermore, Option 2.3 is estimated to save between 6 to 15 months as compared to Option 2.1 (Table 5.2). This shorter timescale would imply further benefits, estimated in Table 5.15 below, according to the approach used in the previous options: scenario 1 assumes that the additional benefits are the equivalent of avoiding a one-year delay in receiving revenues at a 4% discount rate and scenario 2 assumes that the additional benefits are the equivalent to one year's revenue. These could range from **around €2,000 to €2.5 million** per fibre as shown in Table 5.15 below. These benefits could be equivalent to between **€18,200 and €22.8 million** over 10 years (discounted at 4%).

| | Lower Bound | Upper Bound |
|---|--------------------|--------------------|
| Annual revenue per fibre ¹ | €100,000 | €2 million |
| Scenario 1: Benefits of avoiding a 1 year delay in achieving in additional revenue (4%) ¹ | €3,846 | €76,923 |
| Scenario 2: Benefits of avoiding a 1 year delay in achieving in additional revenue (4%) ¹ | €1000,000 | €2 million |
| Scenario 1: Delay in Revenue | | |
| Additional benefits of a further 6 month reduction in the time taken to achieve revenue ² | €1,923 | €38,461 |
| Additional benefits of a further 15 month reduction in the time taken to achieve revenue ³ | €4,807 | €96,153 |
| Scenario 2: Loss of Revenue | | |
| Additional benefits of avoiding loss of six months revenue ² | €50,000 | €1 million |
| Additional benefits of avoiding loss of 15 months revenue ³ | €125,000 | €2.5 million |
| 1. See Tables 5.10 and 5.11. 2. Calculated as 50% of benefits of avoiding a one year delay. 3. Calculated as 125% of benefits of a avoiding a one year delay. | | |

The analysis suggests that using a recognised laboratory to prepare an application for a new textiles fibre name will bring potential benefits to applicants. However, from a legal point of view, applications will always need to be assessed by the Commission services, including the JRC. The report from the laboratory can not be granted a legal status avoiding any further examination from Commission services and the group of Member States experts on textile fibre names. As a result, the use of a recognised laboratory by a company should remain on a voluntary basis.

Consumers

This option would result in no change in the benefits for consumers, but the benefits would be brought forward by a further 6-15 months compared to Option 2.1.

Public Authorities

Some additional benefits are expected for the Commission, JRC and the Working Group from this Option. Lower costs will arise because the check on the application file by a recognised laboratory should reduce the need to request supporting data from the applicant and, possibly, from fewer ring trials being required to validate the test methods. If 25% of costs are saved, this could result in savings of around **€75,000 per fibre**. Assuming that the current rate of one fibre application per year continues, this would result in cost savings over ten years (discounted at 4%) of around **€680,000**.

A number of laboratories experienced in the domain of textile labelling and having the technical capabilities necessary to undertake these tasks already exist across the EU. Member States may incur some costs in identifying recognised national laboratories; the scale of these costs is, however, limited. In fact, existing accreditation systems may be used for this purpose.

Most Competent Authorities in the Member States believe that the creation of recognised laboratories would improve the quality of applications, create competence, result in a shorter processing time and reduced processing costs. Some Member States raised concerns indicating that:

- there will be **insufficient work for the laboratories**. This seems to be borne out by the best-case projections of two to three fibres a year across the EU;
- there may be a **lack of adequate skills and expertise** to act as an accredited laboratory in most Member States. One Member State indicated that it had no laboratory which could serve the above function (others indicated that they had between one and three) while another indicated it had only two to three experts who were sufficiently knowledgeable regarding the identification and analysis methods for textiles which can be very advanced, e.g. thermal analysis, NMR;
- laboratories would have **different approaches**, which may result in a variability in applications; and
- some authorities, however, expressed concern at the implications for Member States of **the extra cost** of identifying recognised laboratories. The laboratories would also have to allocate significant resources for the co-operation which would be required.

The JRC considered that the formal creation of a European Network of Public Notified Laboratories (enforcement laboratories), which would assist the JRC in the evaluation of applications and take part in the validation of new methods and coefficients, would be a major benefit. It facilitates the assessment of applications and the organisation of ring trials. This network already exists informally (known as the European Network of National Experts on Textile Labelling). However, it is not officially recognised in the legislation, situation that is sometimes a source of

confusion with respect to the laboratories that should be part of the network. The official creation of such a network is being explored with Member States representatives, on the basis of the existing European Network of National Experts. In order to minimise potential costs, the solution being explored with Member States representatives considers that, in a first phase, the laboratories that benefit already from accreditation are those that would join the network. The work to be carried out through the network does not require the participation of 27 laboratories, meaning that all Member States do not need to be represented. Therefore, it is possible to propose a solution that does not oblige Member States to incur in costs in order to develop its laboratories capacities at this stage; furthermore, this brings potential new customers to existing laboratories. In addition, the list of recognised laboratories would remain open in order to allow that Member States indicate further laboratories to be part of the network in the future. It should be noted that the JRC, being a part of the Commission, plays an institutional role in the examination of applications and should remain independent to avoid any conflict of interests.

The evaluation of the foreseen regulation, proposed to take place after 3 to 5 years of its entering into force, would assess the results obtained with this solution and suggest corrective measures if needed.

5.3.6. *Costs and Benefits of Option 2.4*

Industry

Option 2.4 involves adopting new regulation(s) (Option 2.1), adding an annex specifying the contents of the application file (Option 2.2) and establishing a list of recognised national laboratories (option 2.3). The costs and benefits calculated under Options 2.1, 2.2 and 2.3 are, therefore, combined under Option 2.4.

Table 5.16 shows the cost savings of Option 2.4 compared to Option 1. It considers the administrative costs as presented in Tables 5.6 and 5.7, and the cost savings from testing resulting from the fact that there would be no need for applicants to repeat tests as estimated in Table 5.14 for Option 2.3. The total administrative and testing cost savings range from **€47,500 to €600,000**. Assuming that the rate of applications remains at one per year for 10 years, the total benefit to industry over 10 years would be between **€430,000 and €5,5 million** (at a 4% discount rate).

| | Low Cost Scenario | | High Cost Scenario | |
|--|-------------------|-------------------|--------------------|-------------------|
| | Lower Bound | Upper Bound | Lower Bound | Upper Bound |
| Administrative costs of Option 1 ¹ | €100,000 | €300,000 | €600,000 | €1,350,000 |
| Administrative costs, Option 2.4 ¹ | €62,500 | €137,500 | €450,000 | €825,000 |
| Savings in administrative costs² | €37,500 | €112,500 | €150,000 | €375,000 |
| Cost savings from Testing ³ | €10,000 | €50,000 | €60,000 | €225,000 |
| Total Cost Savings | €47,500 | €162,500 | €210,000 | €600,000 |
| Costs over 10 years, discounted at 4% | €432,768 | €1,480,521 | €1,913,288 | €5,466,537 |

1. From Tables 5.6 and 5.7.
2. Current administrative costs (Option 1) minus administrative costs under Option 2.4
3. From Table 5.14.

As indicated for Options 2.2 and 2.3, the benefits already calculated for Option 2.1 with regard to the 12 months spared with a regulation on the Directives transposition

process, therefore avoiding one year delay in placing a fibre on the market as shown in Tables 5.10 and 5.11, would also apply for Option 2.4.

Furthermore, as indicated in Table 5.2, the potential time savings for Option 2.4 compared to Option 2.1 is 6-21 months. This shorter timescale will generate additional benefits compared to those shown for Option 2.1 in Tables 5.9 and 5.10, from further reductions to delays in bringing fibres with new names to market. As shown in Table 5.17 below, these could range from **around €2,000 to €3.5 million** per fibre. These benefits could be equivalent to between **€18,200 and €31.9 million** over 10 years (discounted at 4%).

| Table 5.17: Potential Benefits of Avoiding an Additional 6 - 21 months Delay in Placing a Fibre on the Market | | |
|--|--------------------|--------------------|
| | Lower Bound | Upper Bound |
| Annual revenue per fibre ¹ | €100,000 | €2 million |
| Benefits of avoiding a 1 year delay in achieving in additional revenue (4%) ¹ | €3,846 | €76,923 |
| Scenario 1: Delay in Revenue | | |
| Additional benefits of a further 6 month reduction in the time taken to achieve revenue ² | €1,923 | €38,461 |
| Additional benefits of a further 21 month reduction in the time taken to achieve revenue ³ | €6,730 | €134,614 |
| Scenario 2: Loss of Revenue | | |
| Additional benefits of avoiding loss of 6 months revenue ² | €0,000 | €1 million |
| Additional benefits of avoiding loss of 21 months revenue ³ | €175,000 | €3.5 million |
| 1. See Table 5.9 | | |
| 2. Calculated as 50% of benefits of avoiding a one year delay | | |
| 3. Calculated as 175% of benefits of avoiding a one year delay | | |

Consumers

This option would result in no change in the benefits for consumers but benefits would be brought forward by a further 6-21 months.

Public Authorities

Under Option 2.4 (as for Option 2.3) a saving of 25% of the costs of JRC would provide benefits of around **€75,000 to €100,000 per fibre**. Assuming that the current rate of one fibre application per year continues, this would result in cost saving over ten years of around **€680,000 to €910,000** (discounted at 4%).

Option 2.4 would also retain the benefits of Option 2.2 for the Commission, from having to make fewer requests for further information to industry, as the files received are in a more complete form. Member States authorities also believe that creating guidance would clarify the requirements and necessary elements of the application and thereby shorten the time of the application process. These could result in some time savings; however, the scale of these cost savings is uncertain and cannot yet be quantified.

5.3.7. Costs and Benefits of Option 3

Option 3 involves a combined regulatory/non-regulatory approach in which a new regulation would contain provisions currently included in Directive 96/74/EC and in which the quantification/test methods would be transferred to the domain of standardisation (by CEN).

The key uncertainty with Option 3 is whether a fibre with a new name could be placed on the market during the period when the test method was being converted to a standard. Two potential cases have been identified. In both cases, the time considered for the adoption of the standards by CEN is based on the Unique Acceptance Process as explained in Section 5.2.3:

- **Case A:** the work by CEN takes 12 months, but the fibre could be marketed during this period; and
- **Case B:** the work by CEN to adopt a standard would take 12 months and the fibre could not be marketed during this period.

Industry

The impact of Option 3 on industry will depend critically on which Scenario applies:

- under **Case A**, there could be some reduction in the administrative cost savings obtained under Option 2, as industry might need to respond to the CEN enquiry process. However, as the test method will have been agreed beforehand (Step 3), this additional cost is likely to be minimal. Otherwise, the time savings under Option 3.1 will be the same as Option 2.1, Option 3.2 the same as Option 2.2 etc, as industry will not be undertaking any other administrative activity during the period of conversion of the test method to a standard, but the benefits would be the same as for Option 2; and
- under **Case B**, there could also be some reduction in administrative cost savings. The main cost to industry will be the 12 month delay in marketing the fibre, which would result in the loss of benefits associated with replacing the Directives with Regulation(s).

CIRFS/BISFA indicates that the main benefit of transferring test methods to standards is that there would be a regular revision of the standards every five years by CEN; this would enable prescribed test methods to keep pace with the change in test methods in the textile industry. However, industry is not in agreement with the transfer of test methods to the standardisation process if this implies further analysis by the CEN working groups, further requirements on testing and further delays in the time to bring the fibre to the market.

Consumers

Option 3 would not change the overall benefits to consumers compared to Option 1. Under Case A, the benefits to consumers from faster placing of new fibres on the EU market under Option 3 would be identical to those under Option 2. Under Case B, there would be a 12 month delay in placing new fibres in the markets, so benefits to consumers from this would also be delayed 12 months compared to Option 2.

Public Authorities

There will be costs for CEN and for the 30 National Standardisation Bodies, as all CEN members are required to implement the standard (once approved) as their national standard. CEN was not able to provide information so far on the scale of these costs.

Once a test method has been approved by JRC, there could be costs associated with putting the test method into the standard template and editing the document at the secretariat and CEN level, prior to the Unique Acceptance Process. At this point, there will also be translation costs. In some countries (the UK, for example), the costs for members of CEN Committees and Working Groups to attend meetings are financed partly by Government and partly by their respective companies, who pay their salaries and top up any expenses incurred. Central costs would be borne by CEN and the National Standards Body which holds the secretariat of the committee or working group.

It is not expected that there are direct costs to Member State Governments from the formal adoption of a European Standard in this domain since the production costs should be borne by CEN and the national member bodies. The EN standards are also translated compulsorily into the official languages: English (by BSI), French (by AFNOR) and German (by DIN). It is up to the other National Standardisation Bodies (and not Member States) to translate the EN standard into their own national languages. It is difficult to quantify costs as it depends on the complexity of the standard.

All CEN standards are reviewed regularly (a maximum of five year intervals) to ensure that they are still up-to-date and of use to industry and for public enforcement purposes. The updating allows for new developments to be taken into account, changes to regulations, improvements to be made, etc. For example, if any problems are identified with a standard, CEN indicates that these can be addressed within a six-month to one year time period.

5.4. Impact on Small and Medium Enterprises

With regard to the potential impacts of the policy options on SMEs, as noted earlier, recent applications for new fibre names have been submitted by both large and small firms. CIRFS/BISFA did not consider that there was a difference in expertise between SMEs and large firms in making applications for a new fibre name; this process is only undertaken occasionally by any firm, so that none have developed particular experience. However, recent cases show that the application files submitted by SMEs have taken longer periods (up to 24 months) than large companies, to complete their applications with the required information.

The key difference appears to be that for SMEs the viability of the whole business may be more dependent on the time it takes a certain fibre to go to market. For a large company, the development of a new fibre may often be carried out within a separate business unit and it appears easier to accommodate the event of failure or time delay. It may therefore be particularly important for SMEs to reduce the time between investment in a new fibre and the ability to market it under a new name. The benefits of all the options that result in a reduction in the time taken will therefore be of particular importance for SMEs.

5.5. Impact on Innovation

A major potential benefit of reducing the time it takes between the submission of an application to the Commission and the moment the new fibre name can be put in the market is in supporting innovation. According to the opinions expressed by the

industry and the Member States representatives, speeding up the process of introducing a new fibre name leads to more new fibres being brought to the market. Table 5.18 below indicates the potential benefits, assuming that three new fibre names are adopted per year. The additional potential benefit in terms of revenue ranges from **€10 million to over €200 million** over ten years.

| Revenue per Fibre per year | Revenue from One New Fibre/year | Revenue from Three New Fibres/year | Potential Increase in Revenue |
|-----------------------------------|--|---|--------------------------------------|
| €100,000 | €5,110,314 | €15,330,943 | €10,220,629 |
| €2 million | €102,206,288 | €306,618,863 | €204,412,575 |

Discounted at 4% over ten years

5.6. International context

The new regulation does not imply any change compared to existing legislation in respect to trade and third countries. Non-EU producers exporting new fibres to the EU are subject to the same requirements as EU manufacturers, needing to submit an application for a new fibre name when necessary. On the other hand, if EU producers intend to export into third countries, they need to comply with the legislation in the country of destiny.

On the other hand, in spite of ongoing discussions at ISO level, there are substantial differences in the philosophy for granting new fibre names in different countries of the world. This is the reason why in this domain as well as in many other domains of ISO activities agreements are not always possible rapidly and may take many years. Public authorities in the EU often introduce modifications in the proposed names and definitions (as described under point 4.1 above). Other countries follow less strict approaches which result on the one hand on the approval of fibre names close to brand names (according to the opinion of EU Member States representatives and of the Commission services) and on the other hand on the approval of definitions that are not correct providing consumers with information that is not totally exact.

6. CONCLUSIONS

6.1. Changing the three Directives on Textile Names into one Regulation (Option 2.1)

The results of the analysis show that changing the three Textile Names Directives into one Regulation brings benefits to the economic operators and to the public administrations, in particular the EU Member States.

The Regulation will allow putting a new fibre name in the market 12 months before the time needed under the current situation, as a result of the fact that the transposition of the Directives introducing new fibre names will no longer be needed.

The benefits for the industry may be substantial if the benefits of reducing delay by one year would be equivalent to one year's revenue, which is estimated to be between €100,000 and €2 million per fibre.

Furthermore, it appears that the benefits are more important to small and medium enterprises due to the fact that the viability of a SME business will be enhanced by time savings in putting new fibres in the market.

In addition, according to the opinions expressed by industry and Member States representatives, it is likely that speeding up the process of introducing a new fibre name leads to more new fibres being brought to the market, resulting in considerable potential additional benefits for industry. These may be between around €10 million and €200 million over a 10 years period if three new fibres were adopted per year.

With respect to the public authorities, the more significant gains expected result from cost savings for Member States from no longer having to transpose amendments to Directives.

According to information provided in the regulatory impact assessment by the UK for the last amendment of the UK textiles legislation²³, the costs of amending current national legislation to implement an amended Directive are around £700,000 (around €1 million). Even assuming that these costs may be lower in most Member States, the benefits would be considerable.

6.2. Providing further guidance to applicants for a new fibre name (Option 2.2)

Companies do not submit applications on a regular basis for a new generic name and, as such, they are always going to be relatively inexperienced in preparing an application file. Further guidance is certainly more important for SMEs which do not possess the same technical and financial resources as large firms do.

Providing an annex to the Regulation containing a more developed guidance on the technical requirements of an application file brings a potential reduction of 3 to 12 months in the time needed to assess the application by public authorities. This reduction has the potential to save costs to industry of between €37,500 and €300,000.

Additional benefits for industry are to be expected from a further reduction in the time taken to achieve revenue. These benefits may be significant, in particular when a reduction of 12 months is considered, reaching around €2 million per fibre in the scenario where they are estimated as the equivalent of the loss of a one year revenue for the more successful fibres.

Time savings resulting from the submission of a more complete application file are to be expected for public authorities, including Commission services and experts in the Member States, involved in the assessment of applications for a new textile fibre name.

The inclusion in the regulation of an annex containing guidance to applicants gathers the support of stakeholders and Member States.

²³ DTI (2006): **Full Regulatory Impact Assessment, The Textile Products (Indications of Fibre Content) (Amendment and Consolidation of Schedules of Textile Names and Allowances) Regulations 2006**, UK Department for Trade and Industry, 13th December 2006.

6.3. Creating a network of recognised laboratories (Option 2.3)

The creation of a network of recognised laboratories looks for achieving two objectives:

- To encourage applicants for new textile fibre names to make use of recognised competent laboratories in order to ensure that the application file is close to completeness;
- Making official the informal European Network of National Experts on Textile Labelling, which assists the JRC in the technical assessment of application files, in order to facilitate and clarify the organisation and working relations of the informal network.

The analysis indicates that industry could obtain total administrative and testing cost savings per fibre between €7,500 and €600,000 and additional benefits that could reach €2.5 million resulting from a reduction of 15 months in the time needed to assess the application, in the scenario where those benefits are estimated as the equivalent of the loss of a one year revenue for the more successful fibres.

However, the Commission services will always need to produce their own assessment to submit to the Member States authorities in the framework of the legal procedure to adopt a new fibre name. The recognised laboratory report can not have a legal status avoiding the mentioned assessment. This is particularly the case when a ring trial is needed and, in any case, the name proposed for the fibre and the definition of the fibre have to be approved within the comitology procedure. Therefore, the use of recognised laboratories by applicants for new fibre names should remain on a voluntary basis. In addition, the JRC could not fulfil the role of a recognised laboratory because it will be called to produce the technical assessment on behalf of the Commission services and needs therefore to avoid any potential conflict of interest.

It is estimated that the improvement of the quality of the applications resulting from its submission to a competent laboratory before the official presentation to the Commission could reduce by 25% the costs involved with the technical examination by the Commission services, representing around €75,000 per fibre.

However, it was not possible to assess at this stage the potential costs for Member States of participating in the creation of such network of recognised laboratories. These costs may be low if the laboratories to include in the network are those benefiting already from official accreditation to fulfil the tasks required by the examination of an application for a new textile fibre name. Laboratories with the technical capabilities and experience in this domain already exist in numerous Member States; therefore, this solution does not oblige Member States to incur in additional costs to create new laboratories or buy new laboratory equipments. In addition, the current needs of the JRC with the organisation of the fibre assessment process, including possible ring trials, do not require 27 laboratories. Therefore, it is not crucial that all Member States indicate at least one recognised laboratory. In conclusion, the participation in the network should be established on a voluntary basis. Member States should have the possibility to indicate recognised laboratories at any point in time. The evaluation to be carried out within a period of 3 to 5 years

after the entering into force of the Regulation should assess the results of this solution.

6.4. Providing further guidance and creating a network of recognised laboratories (Option 2.4)

This option provides to industry total administrative and testing cost savings per fibre between €7,500 and €600,000, identical to those obtained with option 2.3. On the other hand, putting together an annex with guidance for applicants, which will also inform laboratories on the tasks to be fulfilled, and a network of recognised laboratories has the potential to further save time and thus achieve additional benefits from bringing the new fibre name earlier to the market.

Choosing option 2.4 needs to take into consideration the constraints described in section 6.3, namely the voluntary basis for using laboratories by industry and for the participation in a possible official network.

6.5. Testing methods transferred to the domain of standardisation (Option 3)

The key issue surrounding the current regulatory framework, for both public authorities and industry, is the time taken between the initial application for a new fibre and its legal adoption across the EU, in particular with respect to the technical examination and the transposition of the amendments into national legislation. Transferring testing methods to the domain of standardisation is an option only if it does not compromise the time gained with the possible changes to the current legislation examined in Options 2.1 to 2.4.

On the other hand, Option 3 does not appear to bring additional financial benefits when compared to Options 2.1 to 2.4.

Member States and industry agree that passing the testing methods to standardisation instead of including them in the legislation has the advantages of allowing routine revisions carried out by the European Committee for Standardisation (CEN) every 5 years.

However, it needs to be taken into consideration that CEN is an independent body. For the purposes of this report it was assumed that the lighter CEN procedure (Unique Acceptance Process), which takes around 12 months, could be adopted with respect to textile fibre testing methods. But the debates that took place with stakeholders and Member States representatives have shown that cases where CEN members may require a full examination within the classical CEN procedure to adopt standards can not be excluded. This procedure may take 3 to 5 years. Industry and Member States oppose changes that may imply the risk of increasing the time needed to bring a new textile fibre to the market.

In addition, the CEN standardisation process implies costs. Unfortunately, it was not possible to obtain estimates from CEN on the potential costs that could be associated with the textile fibre testing methods. A part of those costs is supported often by a Commission financial contribution.

It is therefore planned not to involve standardisation in the process of adoption of testing methods for textile fibres at this stage. Further contacts with CEN, Member

States and stakeholders should be developed during the implementation of the foreseen regulation to assess the feasibility of a future taken up by standardisation of the textile fibre testing methods. The legal possibilities of involving CEN in the fibre analysis procedure at a very early stage will be examined as well as the possibility of ensuring that a standard may be adopted by CEN within a timeframe that does not exceed the time period needed to assess the request for a new fibre name. This assessment should be considered together with the report on the implementation of the foreseen regulation after 3 to 5 years of entering into force.

7. MONITORING AND EVALUATION

The proposal, once adopted, is going to be implemented in close cooperation with all stakeholders concerned. To this end, the Committee and the Working Group on Textile Names and Labelling have provided for a valuable forum in the past and would be used in the future.

Evaluation of the policy will look into the ability of the regulatory environment for textile products to encourage fibre innovation. In particular, the evaluation will focus on the effectiveness of the new regulation to simplify the procedure to adapt EU legislation and speed up the process to add a new fibre name to its technical annexes. After three/five years of entry into force, the Commission, in cooperation with Member States and stakeholders, will assess:

- The number of amendments to add new fibre names to the regulation;
- The completeness of the information submitted in the technical files of the applications for new fibre names;
- The number of applicants which made use of recognised laboratories to examine and complete the technical file;
- The time needed to examine the applications submitted in accordance with the new rules.

The Commission will make the results of this evaluation publicly available.

Further discussions with CEN will take place in the framework of the meetings of the Working Group on Textile Names and Labelling to gather information to assess whether standardisation would be an appropriate approach in the future.

ANNEX 1 – Summary of consultation responses

Summary of Responses by Competent Authorities

General Questions

- (1) Only a few applications for new textile fibre names have been made per year over the last five years. What is your view on the likely numbers in the future - e.g. two per year over the next three years, increasing to five a year thereafter?

| |
|---|
| If the Directives are adjusted, more new fibres probably will be adopted in future. Final structure and philosophy are important for another fibre names. |
| The rate of applications for new textile fibre names per year might be the same in the future as it was during last five years. |
| The numbers may slightly increase |
| Not more than three per year |
| Three per year over one year and probably two or three per year thereafter |
| One application every two years |
| It is hard to asses, but could rise to three per year |
| No, it won't be more than before |
| Probably no more than 2 per year |

- (2) How often do companies approach you as a Member State Competent Authority with an application for a new fibre name? *(Please tick the answer that applies to you)*

| | | | |
|-----|---|----|----|
| Yes | 0 | No | 10 |
|-----|---|----|----|

- (3) Has a company have ever requested that you provide it with a preliminary designation for a new fibre name so that they can market a fibre while the application for a new name is being considered? *(Please tick the answer that applies to you)*

| | Yes | No |
|---|-----|----|
| Have your received a request for a preliminary designation? | 0 | 10 |
| Was a preliminary designation provided? | 0 | 10 |
| Did the company market the fibre under this preliminary name? | 0 | 10 |

- (4) What do you see as the key bottlenecks within the current procedures for reviewing and granting approval to an application for a new fibre name?

| |
|---|
| Long time for evaluation and development of proper analytical method are main reasons for long duration of adopting of a new textile name. If new analytical methods are prepared (e.g. as EN standard) more types of fibers will be analysed in future. It's very important for adopting of new materials. All steps of evaluation of new fibre are necessary but the long time and of course consequent administrative delays are issues. |
| Too long and complicated administrative procedure. |
| The quality of applications. Lack of appropriate test methods. The procedure is slow and |

| |
|--|
| cumbersome. |
| Verification and validation of methods for quantification of new fibres in mixtures with other fibres. Lack of time limit to release of official decision of European Commission |
| Too long method validation period. |
| The agreement between the representatives for establishing the name, the definition, the properties of the new fibre and all the other information necessary for identifying the new fibre and making it different from the existing fibres. |
| We haven't received any request for designation of new fibre. |
| Technical approval / Validation of test methods. |
| The verification of the proposed method is the most problematic point in the procedure. It needs a long time and sometime very special instruments. |

(5) What are the key issues that your Member State faces in transposing amendments to the current Directive into your national legislation?

| |
|--|
| For adopting of a new agenda it's generally important to translate all details properly using equivalent technical terminology. Adopting of new legislation as "Regulation" is legislatively easier and can be issued during short time on national level. Testing (or measuring) methods generally are not very suitable for Directive. EN standard is more practical. |
| Too many amendments in relevant national legislation, high administrative burden, short time limit for the transposition and implementation. |
| We try to make it as simple as possible |
| The procedure is not complicated. |
| The considerable time period required between the date of application of the regulation draft and the approval of it. |
| We have to transpose the amendment of the Directive with the amendment of the national Rules, which transpose the directive into national legislation |
| Amendments need to be implemented into domestic law. We have made provision in our law that the relevant annexes to the Directives (annex I and II) listing new textile product names and test methods take effect in national law as they are amended from time to time. If there are amendments to the Directive text other than the relevant Annexes we will need to make implementing regulations and provide an impact assessment of the costs to business and the public sector of the amendments to Parliament for consideration along with the regulations. We need to provide up to date information on the current regulatory position and do so by means of updating our relevant government website as necessary to make stakeholders, including manufacturers and enforcement authorities aware of the changes. |

(6) How long does transposition generally take and what is the administrative burden?

| | |
|---------------------------------------|--|
| Time taken for transposition (months) | <ul style="list-style-type: none"> • About a year • 6 -9 months • 3-6 months • At least 3-4 months, sometimes more • Approximately 1 month • 12 months |
|---------------------------------------|--|

| | |
|-------------------------------------|---|
| | <ul style="list-style-type: none"> • 9-12 months • 3 -4 months • 6 months |
| Administrative burden (person-days) | <ul style="list-style-type: none"> • 1-2 hours a day/ a person/a year • 1 - 2 days/one person (in addition to legislative control activities) • 20 days • It is difficult to answer precisely this question • One person is responsible for this work. It is complicated to define accurately how long it takes • It depends on the amendment (20 -100 persons per day) • 10 days <p>If amendments are to annex I and II, then as indicated in answer to 5, such amendments take effect in domestic law immediately they come into force as provided under current legislation.</p> <p>If new implementing regulations are required, then depending on whether a 12 week consultation period is required relating to the method of implementation etc, transposition could take upwards of 25 weeks. The government also wishes to allow for a 12 week period for business to adapt to the new provisions before they come into force where this is possible.</p> <p>The administrative burden lies in consulting with stakeholders, drawing up a consultation document, drafting regulations, impact assessment, considering consultation responses, amending draft regulations, making and laying regulations before Parliament together with supplementary memoranda and transposition notes. This could be up to 10 person days.</p> |

Guidance on Developing Application Files

One of the options being considered by the Commission is for more formal guidance on the contents of an application file to be developed. This guidance would then be included in the revised legislation as an Annex, providing a clear indication of what is required of these files for decision making purposes.

- (7) In what percentage of cases do you consider that applicants have provided inadequate information within their application files?

| |
|--|
| We do know |
| No experiences in this field |
| In most cases |
| We haven't before received any application files so it's hard to predicate |
| As I guess it take around 30% |
| Not more than 5% |
| We don't have any experience yet |
| 50-75% |

- (8) In your experience, what aspects of applications would benefit the most from such guidance?

| |
|--|
| Guide for producers describing procedures of adopting of new fibers would be helpful and supporting. All information would be collected before starting of legislation process. Following steps then can be faster. |
| No experience in this field. |
| The applications would already contain all relevant pieces of information if guidance is followed. |
| Requirement of providing quantification methods of new fibres in mixtures with other fibres. Requirement of providing proper new fibre samples to finalised procedure for verification and validation of new methods. |
| It would clarify the requirements, what are the necessary elements of the application. A detailed explanation is needed that the quality of application will be appropriate. |
| Will shorten the time of the procedure for the application. |
| Fibre identification – chemical formula, differences from the existing fibres. Identification and quantitative analysis methods for representative mixtures of fibres of the new fibre and the existing ones. Advices regarding fibre destination and impact assessment on the consumer. |
| Methods of analysis and identification. |

- (9) Do you believe that the existence of formal application guidance would speed up the approvals process?

| | | | |
|-----|---|----|---|
| Yes | 9 | No | 0 |
|-----|---|----|---|

- (10) Do you think it would also result in cost savings? If so, what costs would be reduced and by how much?

| | | | |
|---|--|----|---|
| Yes | 9 | No | 0 |
| What costs would be reduced? | <ul style="list-style-type: none"> • Travelling cost (for example for meetings of Working Group on Textile Names and Labelling – possibly e-mail communication) • Processing costs • Particularly work of the Commission and JRC • The costs of validation and examination • Cost of JRC in Ispra • The costs for evaluation by an accredited laboratory of the proposed methods • The costs for expert meetings. • Reduced meetings | | |
| What would the value of the cost saving be? | <ul style="list-style-type: none"> • It is difficult to answer precisely this question • Considerable • It is difficult to answer precisely at this stage • It's difficult to predict • We don't have any experience. | | |

Network of Notified Laboratories

The Commission is also considering an option which would involve the creation of a European Network of Notified Laboratories who would either prepare application files on behalf of applicants or review the files before submission.

(11) What advantages do you think the creation of such a Network would bring?

| |
|--|
| <ul style="list-style-type: none"> • unification of approach of all authorities • better information exchange • cooperation • unification of analytical procedures • contact with new materials • improved service to producers of new materials on national and international level |
| Higher quality of applications, shorter processing time and reduced processing costs. |
| Not applicable. We do not have any competent laboratories available in our country. |
| In general terms, it would create competence and speed up the processes |
| I'm not sure that the creation of such network would bring advantages. |
| Applicants would have access to the list of laboratories ready to review the method before submission |
| The applicant will know whom he may contact. It will establish the minimum equipment required by a laboratory in order to be able to perform the tests for textile fibres composition labelling, which will assure good market surveillance. The method validation test could be accomplished in the network of laboratories. |
| Well and clearly prepared technical files. |
| None - not enough work to go round |

(12) What disadvantages would it have?

| |
|--|
| No disadvantages. |
| The laboratories have to allocate significant resources for this cooperation. It may be costly and time-consuming. |
| It would cause extra costs for MS. According to the requirements of the framework decision on marketing of product it won't be an easy or cheap procedure to achieve a notification. |
| Additional expenses for the creation of such network and for the notification of accredited laboratories. Notification criteria are not clear. |
| Procedure of laboratory notification would have to be developed which is probably time consuming |
| At the first sight, there are no elements which present disadvantages. |
| The Notified Bodies should be designated by the Member State. The criteria for designating of Notified Body should be clearly prescribed (the accreditation for EN ISO 17025); if not the question of competency of such laboratories would arise. |
| Laboratories would have different approaches – variable consistency of applications would result. There should only be one laboratory and JRC Ispra is the obvious choice. |

- (13) How many of the labs in your country do you believe have adequate skills and expertise to act as an accredited “notified” lab?

| |
|---|
| No laboratories for the time being |
| Two to three |
| At present only one lab has adequate skills to act as an accredited “notified” lab |
| It depends on what will be their tasks. In our country, there are max. 2 labs |
| One laboratory |
| Three |
| One accredited laboratory |
| Max two. At the moment there is no accredited laboratory |
| Not many as applications are no longer simple fibres. Identification and analysis methods can be very advanced, e.g. thermal analysis, NMR, etc. There are maybe two or three experts in the whole country. |

European Standards passed to CEN

One of the options being considered by the Commission is for test methods agreed by the Committee on Textile Labelling to be passed to CEN for adoption as harmonised European standards.

- (14) What advantages do you think such an approach would have?

| |
|--|
| Main advantage is separation of analytical methods from the Directives. New EN standard must be more flexible and changes could be adapted easily by TC group. Final adoption of revised EN standards (in future) to national versions is ordinary procedure. |
| Using harmonised European standards is the simplest way to confirm that important requirements provided by the relevant directives are fulfilled |
| Many experts already participate in the CEN standardisation work in this field. Therefore it would be natural to combine this work with the work related to the directives. |
| I’m not sure that it would bring advantages |
| Harmonization of these standards is an advantage for laboratories |
| Laboratories of all Member States would have access to proper analytical methods from European Standards when they need to quantify new fibre |
| Passing the testing methods into European standards will have the advantage of assuring the transparency and uniformity of testing procedures all over Europe |
| List of harmonised standards |
| It is easier to update an EN standard than to amend the directive or regulation. CEN has an existing structure in TC 248 (Textiles) to cope with this requirement. Test labs would find it easier to get accreditation to ISO 17025 for an EN standard than for methods published elsewhere. |

(15) What disadvantages would such an approach have?

| |
|--|
| We do not know |
| No disadvantages |
| It is not sure that this will speed up the process |
| According the time which is needed for CEN to adopt a new standard (as I know, 1-2 years), there is a big question how could the market surveillance authority work without available standards? If the test methods should be first agreed by the committee and then sent to CEN, this will prolong the whole procedure. |
| In the case where CEN is responsible for elaborating the testing methods, the approval time of the standard will be too long and will delay the finalization of the technical file for the new fibre |
| CEN needs about 1 year for adoption and publication of methods in form of European Standards |
| Preparation of the standard is also a very long procedure. In reality it takes 2 – 3 years, if you include the procedure for preparation of mandate from the Commission to CEN (voting procedures from Member States to confirm the mandate and the notification procedures under the directive 98/34 should be included), which will take at least additional year. It will take at least 3-4 year from application for a new fibre name to publishing new standard in OJ |
| No obvious ones |

REVISION OF LEGISLATION ON TEXTILE FIBRE NAMES AND LABELLING

Summary of Responses by CEN

1. What are the key steps involved at the CEN level in adopting a standard?

There are two cases to take into account:

1) The existing methods have been already integrated within the series of ISO 1833, widely used in the whole world. It is no use to create something new but to adopt the series of ISO 1833 as EN ISO standards. If some slight differences may be found between one part of ISO 1833 standard and one method in the Directive text, they can be easily overcome.

2) If a new method, validated by the JRC, is proposed to CEN, it can be forwarded directly to a UAP enquiry (Unique Acceptance Procedure) provided it is written in the EN format.

The key step is the public enquiry: all the CEN countries are required to vote and the standard needs at least 72% of approval. Then, it is translated in the official languages: English, French, German and published.

Any new work item is first agreed by the Technical Committee and member states. The committee or, in this case, one of its Working Groups produces a draft standard which is then issued to member states for voting on. Following agreement the draft is translated and then published as a formal European Standard. The full CEN time scale for the full process is a 3 year time cycle.

The key steps from approval of the new work item are as follows:

1. Approval of the new work item by the relevant technical committee
2. Working group prepares a draft
3. Draft circulated for five months enquiry (public comment)
4. Comments collated and resolved.
5. Document circulated for 2 months final vote.
6. Final corrections/publication

The normal (default) timescale for producing a European standard (from an outline proposal) is 36 months. CEN national members have a further six months to implement the standard and withdraw any conflicting standards.

Starting the work

A proposal for a European Standard may come from any interested party. Most are presented by the National Standards Bodies and, where European legislation is concerned, the European Commission (EC) and the European Free Trade Association (EFTA).

Taking into account the time required and the resources available, the appropriate CEN Technical Committee makes a decision on the adoption of the proposal. An adopted standardization project is allocated to one of the Working Groups for the drafting of the

standard. Working Groups respond to the Technical Committee.

If the proposal is for a new field of standardization activity, a decision is first made by the CEN Technical Board, who then sends the work to a new or existing Technical Committee.

One of the values of CEN is that, once a standardization project has been adopted, the National Standards Bodies put all national activity within the scope of the project on hold. No new projects are initiated, nor are revisions of existing standards undertaken at a national level. This obligation is called 'standstill' and allows efforts to be focused on European harmonization.

Public comment

Once the draft of a European Standard is prepared, it is released for public comment, a process known in CEN as the 'CEN Enquiry'. During the public commenting stage, everyone who has an interest (e.g. manufacturers, public authorities, consumers, etc.) may comment on the draft. These views are collated by the National Standards Bodies and analyzed by the CEN Technical Committee.

Adoption by weighted vote

Taking into account the comments resulting from the CEN enquiry, a final version is drafted which is then submitted to the CEN members for a weighted formal voting.

1 European Standard = 30 national standards

After ratification by CEN, each of the National Standards Bodies adopts the European Standard as an identical national standard and withdraws any national standards which conflict with the new European Standard. Hence one European Standard becomes the national standard in the 30 member countries of CEN.

For example, the European Standard on toy safety, EN 71, has been adopted as NF EN 71 by AFNOR in France and as EVS EN 71 by EVS in Estonia. These standards are made available by the National Standards Body in each country.

2. As an estimate, how long would it take CEN to adopt a test method as an EU standard? What are the factors which could affect this? For instance, would it take a shorter period of the time if the standard has been verified by a notified/approved national laboratory?

With the UAP procedure, it will take approximately 8 months.

The factor which could affect this is a negative vote: then, the test method would have to be discussed again and improved within the CEN working group.

For this directive, there is no notified national laboratory. We believe that the JRC can act as the reference laboratory in order to perform a consistent and structured work for validating the method. The aim of the JRC is to check the new methods through inter laboratory trials, as already done by the technical working group working with the JRC.

I am uncertain of the role of a notified /approved national laboratory in verifying standards as I cannot accept this would be acceptable to CEN. If it were the Laboratory of the Joint Research Council then yes, the method could be agreed in a shorter time frame as detailed below but it could not be accepted verbatim without going through the CEN approval process.

Once a draft standard has been agreed it would take approximately 7/8 months to be made available for purchase as an EU Standard. This comprises of one month for formal editing etc., 3 months for translating, final editing and printing, and 3/4 months

for final formal voting by member states.

It is envisaged that a method approved by JRC (which also involves CEN/TC 248/WG 30 members) will be subject to a much faster production schedule. The "approved method" will be circulated (subject to TC agreement) to a 3-months UAP. Under the UAP procedure only editorial comments are accepted, hence there will be no delay resolving technical comments.

0 Receipt of text from JRC

+ 1 month (editing and placing in template)

+3.5 months (processing and translation by CEN)

+3 (or 5 months) UAP (72% approval required)

+1 month ratification

+2 months (DAV available following processing and translation)

Total – 10.5 months

CEN national members have a further six months to implement the standard and withdraw any conflicting standards

Adopting a validated test method as a European standard is a straightforward process, taking it for granted that the validated test method was elaborated by different parties and that there is consensus on the test method. From the moment CEN receives the text, up to publication by the CEN/Management Centre, it can take as little as 9-10 months. This includes preliminary administrative processing, a two month translation time, a three month voting time (shortened UAP procedure) and finally the ratification and publication.

It is taken for granted that, for example JRC is to be considered as a competent laboratory (or in your wording a "notified/approved national laboratory").

3. Under one of the scenarios being considered, it is assumed that the marketing of a fibre with a new fibre name will be possible as soon as the amendment to the regulation is published and before the agreed test methods are adopted as a European Standard by CEN. In theory, this should shorten the time and procedure of adopting a new name. What are your views on the possible implications of this for CEN and the overall process?

No problem with this, we do not see any implication as both procedures move forward side by side and there should not be a big gap of time between them.

Provided CEN are involved at the start of the process there should be no problems but if CEN are only brought in when a new fibre name has been agreed then it delays will occur as any new test method being produced as a standard would need to go through the formal CEN process of approval which would take a minimum of 7/8 months as detailed above.

Do not see a great problem but obviously the earlier CEN members are involved in the process the better.

CEN is a platform where experts are sitting around the table to come to consensus. Many textile experts work in CEN and having them involved at an early stage facilitates

the standardisation process and effectively shorten the overall process.

4. Can you provide an estimate of the cost implications of transferring this responsibility to CEN? Please feel free to provide estimates from other standards adopted by CEN (which may or may not be related to textiles) or alternatively, provide an indication of how many man-days and staff are normally involved in the process of adopting a standard.

We have no idea of the CEN costs, please ask them directly.

Sorry I am not able to give you any cost implications as these will vary from one country to another. In the UK members of CEN Committees and Working Groups are financed partially by Government to attend meetings and by their respective companies who pay their salaries and top up any expenses incurred. Central costs would be borne by CEN and the National Standards Body who holds the secretariat of the committee or working group. These expenses would cover editing, translating and publishing costs.

There will obviously be production costs for CEN and for the 30 national member bodies, as all CEN members are required to implement the standard (once approved) as their national standard, irrespective of whether they are in favour of it or not.

It is difficult to quantify costs as it depends on the complexity of the standard. However, in terms of staff involvement, once the method has been approved by JRC, there could be costs associated with templating and editing the document at the secretariat and CEN level, prior to UAP. At this point there will also be translation costs.

If approved by CEN members, there will also be production and translation costs at the national level.

As the work gets transferred to CEN, it is mainly the CEN system (i.e. the CEN/Management system with its 30 national members) which has to bear the costs. All processes in CEN are streamlined for standard setting. Therefore, and because of economies of scale (> 1000 European standards are published each year), it is much more efficient to use the standardisation Route.

5. Is it reasonable to assume that the formal adoption of a European Standard by CEN would automatically result in costs to Member States (for instance, when such standards are translated into national standards or codes of practice)? If not, what are the considerations taken into account by Member States.

The EN standards are mandatory translated in the official languages: English (by BSI), French (by AFNOR) and German (by DIN). It is up to the other National Standardisation Bodies (and not Member States) to translate the EN standard into their own national languages.

See 4 above. In theory there would be no costs to Member States but only organisations and companies working within Member States. There would also be costs to users of the standards who would need to purchase them from their National Standards body.

There are no additional costs to Member States since the production costs are borne by CEN and the national member bodies.

Transferring the work to CEN will imply cost savings for the European and national authorities for the simple reason that the work is done inside the CEN structures. The additional costs are to be carried by the CEN System and the national standardisation bodies. It is difficult to calculate, on a scientific basis, how high these additional costs will be for CEN. At the same time, it is difficult to measure the cost savings for the

European and national authorities.

Referring to European standards also contributes to the Commission's SLIM-policy (Simplification of Legislation policy, see

http://ec.europa.eu/internal_market/simplification/index_en.htm)

6. Some industry stakeholders have indicated that one benefit of translating test methods into standards is that this allows for periodic updating of the test method. What do you consider would be the benefits (and costs) of such updating, and who would benefit?

The methods are technical and must follow the state of the art and therefore, have to be updated. That is the aim of the systematic review of EN standards and it is a key advantage.

The future regulation should be in compliance with the new approach; that is to say, written as a legislative text, with reference to EN standards for the technical applications.

Having been deeply involved in the development and publication of national, European and International standards for over 30 years there is a definite benefit of a period review and update as necessary. Within CEN any standard is reviewed on a 5 yearly time scale. The updating allows for new developments to be taken into account, changes to regulations i.e. use of chemicals, improvements to be made etc. These would benefit all users of a standard from producers through to the consumer. It is doubtful whether there would be any cost savings.

All CEN standards are reviewed regularly (a maximum of five year intervals) to ensure that they are still up-to-date and of use to industry. NSBs may propose amendments/revisions to an existing standard at any time.

European standards have to be reviewed, at least every five years. This ensures that the standard is a "stat of the art" document, up to date for the economic operators, European authorities and national market surveillance authorities. Updating European legislation (Regulations and Directives) is a much "heavier" process and, as a consequence, much more expensive.

REVISION OF LEGISLATION ON TEXTILE FIBRE NAMES AND LABELLING

Summary of Responses by Industry (Fibre Manufacturers Association)

Q1 - The questions below are intended to provide an indication of the **scale and focus of research and development** of textile fibres for your organisation. Please give your best estimate or forecast; more detail or explanation can be provided in the box below.

In the last five years:

| | |
|--|------|
| How many new fibres has your organisation placed on the global market? | 1-10 |
| How many new fibres has your organisation placed on the EU market? | |
| How many of the new fibres placed on the EU market were classified under existing fibre names? | |
| How many of the new fibres placed on the EU market require a new fibre name as, for chemical or processing reasons, they should not be classified under the existing groups? | |

In the next five years:

| | |
|--|--|
| How new many new fibres does your organisation expect to place on the global market? | |
| How new many new fibres does your organisation expect to place on the EU market? | |
| How many of the new fibres to be placed on the EU market do you expect to classify under existing fibre names? | |
| How many of the new fibres to be placed on the EU market do you expect to apply for new textile fibre names? | |

With regard the scale of R&D, this may vary by company but all companies regardless of size are involved in R&D in one form or another. As an illustration, while some of the companies which have recently put new fibres through the approvals process are large companies, others are much smaller. Hence, it is the case that small companies may be interested in R&D as much as big companies.

In general 90 - 95% of a companies R&D activities are focussed on improvements and developments on existing fibres. Only 5 - 10% of R&D activities are likely to result in a fibre requiring a new generic name. It is the case that if 10 - 20% of the R&D activities of a company is successful, that can be considered a good situation.

Between five new fibres applying for new generic names have been placed on the global market in the last five years. Also, most companies do not discriminate between global and EU markets. It is, however, the case that some fibres may be sold on an overseas market (e.g. US) and not in the EU. For instance, *Melamine* is a new fibre which is currently going through the EU approvals process (~18 months to-date). This

fibre name was, however, adopted by BISFA over 10 15 years ago and is only currently being put forward to the Commission (by an American-based company). During this time, it has been sold in the US and has been marketed in the EU in only small quantities.

To date, there is no case where a fibre name has been rejected by the Commission. However, there have been two recent cases where an application has been rejected by BISFA. One case was for a bamboo fibre and they concluded it was just a variation of a viscose fibre process.

Q2 - What are the **key factors determining the rate of development** of new fibres? Some examples are provided below; please rank these factors (from 1 - 5) with the most important numbered 1. Feel free to identify other factors and/or provide more detail or explanation in the box below.

| | |
|--|---|
| Maintaining a competitive advantage over other fibre producers | 4 |
| Company size and/or budget allocated to the development of fibres | 5 |
| Advances in research and development by laboratories - know-how | 3 |
| Market/consumer demand for new fibres | 2 |
| Wider commercial and strategic considerations (e.g. patent rights) | 1 |
| <i>Other (please specify)</i> | |
| | |

Q3 - Could you provide an indication of the **time** currently taken, once a new fibre is developed, before it can be placed on the EU market for production or commercial purposes - differentiating between the time taken for “new” fibres which should be given **new fibre names** under the Textiles Directives, and “other new” fibres which can be classified under the existing groups?

| Time taken for “new” fibres requiring new fibre names | Tick | Time taken for “other new” fibres | Tick |
|--|-------------|--|-------------|
| <1 year | | <1 year | x |
| 1-2 years | | 1-2 years | |
| 2-3 years | x | 2-3 years | |
| 3-4 years | | 3-4 years | |
| 4-5 years | | 4-5 years | |

| | | | |
|---------|--|---------|--|
| 5 years | | 5 years | |
|---------|--|---------|--|

Obviously, a new fibre can be placed on the market immediately if it is using an existing fibre name; however, BISFA is aware of some applications for a new generic name which have taken four years. A faster process has taken 18 months. On average, two to three years would be a good assumption. BISFA would, however, like the procedure to take one year.

Q4 - Could you provide your best estimate of the **total costs per new fibre** to your organisation of obtaining approval to market a fibre in the EU with a new name in line with the Textiles Directives?

| Cost to organisation | Tick |
|----------------------|------|
| <€10,000 | |
| €10,000 - €9,999 | |
| €100,000 - €249,999 | |
| €250,000 - €499,999 | |
| €500,000 - €999,999 | |
| €1 million and above | x |

BISFA estimates that three staff are always present from any given company at meetings and submissions relating to a new fibre. Assuming that these three staff work full time on a given fibre from the start of the project through the 2 - 3 years it takes to get approval, the man-day costs alone will be expected to be greater than €1 million.

Q5 - Listed below are some of the actions that you may take in order to comply with the Textiles Directives. Please indicate which of these actions is relevant to your organisation (using the YES and NO boxes). For those which are relevant, provide the estimated costs in Euros (€) of each action; alternatively, you can rank these actions (from 1 - 8) with most significant - in terms of cost - numbered 1.

| | Yes | No | Cost/Rank |
|--|-----|----|-----------|
| Identifying whether a new fibre can/cannot be classified into any of the existing groups | | | |
| Contacting and getting support from the relevant European industry federations, consumer organisations and industry in general before launching an application | | | |
| Providing proof of consumer relevance of a new fibre | | | |
| Obtaining evidence of innovative elements of an application (e.g. patents, etc). | | | |
| Laboratory and scientific studies for the definition of, and testing methods for, a new fibre name | | | |
| Preparing an application file for a new textile name | | | |

Please add others as relevant (please specify)

BISFA reckons that the costs of these various activities would have to be estimated on the basis of the number of man-days spent by people in the organisation on each step. Some steps (e.g. providing proof of consumer relevance of a new fibre) will not be relevant, however, as companies would in any case put the fibre on the market to test commercial relevance. In effect, it is part of the baseline cost.

Q6 - Please provide further information on the **administrative burden** associated with the requirements of the current Textiles Directives for your organisation. For example, how many full-time staff (or alternatively person-days) do you employ/spend obtaining approval for new fibre names under the Textiles Directives?

| No. of full-time staff | Tick | No. of person-days | Tick |
|--------------------------------------|------|--------------------------|------|
| <1 person | | <1 day/year | |
| 1-3 people | x | <20 days/year (~1 month) | |
| 2-5 people | | 1 - 2 months/year | |
| 5-10 people | | 2 - 3 months/year | |
| 10-20 people | | 3 - 6 months/year | |
| >20 people (<i>please specify</i>) | | 6 - 12 months/year | |

Other administrative costs (including unquantifiable costs):

Around 1-3 people are actively involved in the application procedure on a part or full-time for as long as the procedure takes.

Q7 - Please provide your best estimate of the percentage of the total costs of compliance with the Textiles Directives (indicated in Q4) which relate to administrative burden or costs, as opposed to testing costs, for instance.

| % of Costs Relating to Administration | Tick |
|---------------------------------------|------|
| <15% | |
| 15 - 25% | |
| 25- 50% | |
| 50 - 75% | x |

| | |
|-----------|--|
| 75 - 90% | |
| 90 - 100% | |

Q8 - One of the aims of revision of the Textiles Directives would be to reduce the amount of time it takes to process an application for a new textile name. Could you please provide an indication of what benefits to your organisation might result from speeding up the application process? Please indicate the size of the likely benefits and indicate which is likely to be the most important?

| | Yes | No | Value/Rank |
|--|-----|----|------------|
| Reduced personnel time in supporting an application through the process | | | |
| Increases in the number of new fibres brought to market | | | |
| Increases in innovation | | | |
| Benefits from getting a new fibre onto the market more quickly | | | |
| Increases in investment in new fibre technologies | | | |
| Increased market demand for new fibres | | | |
| Other (<i>please specify</i>) | | | |
| <p><i>Please describe what these benefits would mean to your company. For example, indicate the potential magnitude of cost savings in terms of reduced personnel time or the value of any time to market benefits.</i></p> <p>The main benefit of speeding up the process is the support which is given to the marketing strategy of the company which has applied for the fibre name. For instance, for the melamine fibre (currently going through the process), the company involved is not involved in the manufacture of any other fibre. The whole business is, therefore, dependent on the success of this fibre. While for other companies, this may not be the case, but whole business units or sections may be dependent on the time it takes a certain fibre to go to market. Speeding up the process, therefore, enables the company to strengthen its position overall.</p> | | | |

Q9 - The decision making process for justifying the addition of a new fibre name to the Textiles Directive requires applicants to submit a file with an application for a new fibre name. One of the reasons for approval taking so long is because these files sometimes contain insufficient information to allow for assessment of whether the case for a new fibre name is adequate. There is currently some guidance on file contents on the Commission website and improved guidance is being developed.

Please indicate whether you believe that the **provision of clearer and more detailed guidance** would result in a *reduction in time delays* (explaining why).

| | | |
|-----|--|--|
| Yes | | <i>Why would it result in a reduction in time delays?</i> |
| No | | BISFA does some work with companies in the area of providing guidance and, indeed, the initial guidance produced by the Commission was developed by BISFA. BISFA considers the current guidance to be quite clear; but like any other type of guidance, there is always scope to provide further support whether by the Commission or BISFA. Overall, BISFA considers that the Commission (or the slow process) cannot be blamed on unclear guidance. The reality is that companies do not apply everyday for a new generic name so they are generally always going to be inexperienced in putting it into practice (without some help). |

If clearer and more detailed guidance would result in a reduction in time delays, this may also reduce the costs that your company currently incurs in seeing an application through the approvals process. Please provide your best estimate of the potential percentage reduction in time and costs that your company might expect to realise.

| % Reduction in Time Delays | Tick | % Reduction in Costs | Tick |
|-----------------------------------|-------------|-----------------------------|-------------|
| <15% | | <15% | |
| 15 - 25% | | 15 - 25% | |
| 25- 50% | | 25- 50% | |
| 50 - 75% | | 50 - 75% | |
| 75 - 90% | | 75 - 90% | |
| 90 - 100% | | 90 - 100% | |

Q10 - If the new application **guidelines were to be made binding**; for instance, by including them as a technical annex to a Regulation – to allow updating and amendment, in the same way as updating to add new fibre names – do you think this would a) reduce the time and costs to your organisation of preparing a file; b) speed up the approval process by the authorities? See above

| | | | |
|--|--|--|--|
| Reduce the time and costs to your organisation? | | Speed up the approval process by the authorities? | |
| Yes | | Yes | |
| No | | No | |

Q11 - Could you provide information on the extent to which delays in introducing new fibre names results in lost revenue and profits to your organisation?

The amount of revenue lost by delays is in general difficult to quantify and will depend on the company and its strategic view of the market. Most companies will only apply for a new generic name where it suits their market strategy and know-how. You have to look and see if the market is accepting the products being put on the market and if customers are willing to accept the changes or indeed, price mark-up. If these market conditions are not met, there may be benefits of marketing under an existing fibre name.

As a proxy, a few factors can be considered. For some new fibres which were given new generic names recently, sales have been in the region of €10 million to €50 million (depending on timing and other business factors).

This also depends on whether it is a speciality fibre or a commodity fibre. Most fibres with new generic names start off as speciality fibres and the hope of every company is that it can one day become a commodity fibre. A whole new business unit can be a spin-off as a result of this movement.

Speciality fibre can differ in cost from a commodity fibre by a factor of 2 to 10 times more. However, a direct comparison cannot be made between their market prices because SF are produced under special conditions and in lower quantities so the price per kilogram needs to be seen in the context of the quantity produced.

Q12 - The current Textiles Directives contain long lists of test methods; in many cases these are very similar to methods used in relevant standards. The Commission has discussed a simple **transfer of testing methods in the Directives to European standards (EN)**. What do you think the impacts of such a change would be?

The main advantage of such a change is that there would be a regular revision of the standards every five years by CEN - so as to keep pace with the rapid change in test methods in the textile industry. This is better than the current situation where no changes are made after a test method is included in a Directive. In practice, it may well be that every five years, CEN just conclude that there is no need for revision for a test method but at least someone is looking at it.

Q13 - Another option involves an application file being accompanied by a **report from an accredited national laboratory** (or “notified laboratory”). The aim would be to have an independent review before the application file is submitted, thereby improving file quality, reducing the need for further testing (and ring trials if possible) and increasing the overall speed of the process.

Do you believe that such “notified” independent laboratories could take on the assessment of technical files?

BISFA is currently encouraging members to make use of such laboratories in preparing their application.

How much you believe this would cost your organisation?

No extra costs to companies. The main advantage is that the Commission does not spend valuable time and money repeating work already done by industry.

Would it have any wider impacts on the application process (positive and negative)?

Q14 - What do you think would be the overall effects of the proposed changes to your customers, and which changes do you believe would be of the most benefit to your customers?

The basic effect will be that consumers have access to useful information on the textiles and their properties, as intended by the Directive.

Q15 - Finally, if you feel that we have missed anything important, or would like to comment on any of the issues raised by this questionnaire, please let us know (and continue on a separate sheet if necessary).

Three new fibre names have been issued in the last five years:

- Elastomultiester
- Polylactide
- Elastolefin

Fibres which are currently work in progress include:

- Melamine: BISFA have adopted melamine as a fibre name 1015 years ago - but the step was not made to the Commission. They made the step for a new generic name 18 months ago but it has been marketed in the EU in minor quantities.
- Primethylene ester (PTT) (application in US as well)
- Propylamide composite

Some companies have informed BISFA that they will be coming forward with new applications for new generic names. There are two companies which may come up with new applications but not yet.

Overall, some of the companies that apply for a new generic name are big companies while others are small companies but important players like or much smaller companies (SME). Hence, it is the case that R&D efforts are not limited to big companies (or size/budget). Also, most research efforts (90 - 95%) by companies are on existing fibres, rather than looking for new fibres.

It is possible that a new fibre name could indirectly result in a higher margin - even if a new generic name is not used for direct marketing (i.e. brand names); however, there are other considerations (e.g. market strategy and market know-how) on whether u have to put a new fibre or just go with an existing fibre. Overall, applying for a new fibre is a purely business and marketing strategy/decision.

For the recent fibres:

- *Melamine Fibre*: the company that owns it does not manufacture any other fibre. They are depending on this fibre for opening this business line;
- The same is true for *elastolefin*. They have a separate section dealing with this fibre and the success of that division depends on this fibre.
- For *polyactide*, the main application is in packaging - only a minor part is for fibre applications;
- For *Primethylene ester (PTT)*, the company is a big one. One of their raw materials is PTT - the dependence is a bit minor.
- For *elastomultiester*, it is one of the many products of the company. It is a speciality fibre in a huge portfolio.
- For *Propylamide composite*: the company considers this a speciality and is a breakthrough innovation for their key business. Of major strategic importance.

QUESTIONS FOR BISFA

1) How frequently does BISFA make a fibre application on behalf of one of its members versus the member company making the application itself? In your opinion, what generally determines the extent to which a company uses BISFA in making a fibre application?

Principally applications for new generic names to the EU Commission are done by the companies concerned. If they have gone through the adoption procedure at BISFA (normal case), they make reference to that. The credibility of an application is very much supported through prior adoption at BISFA (rules for generic names for fibres were originally developed by BISFA, a standardisation organisation now existing for 72 years)

2) Do all member companies approach BISFA with their proposed application prior to making the application with the Commission? Or is BISFA sometimes approached at the same time as a company makes its application to the Commission?

it is the normal situation that companies (also non-members) first approach BISFA for adoption and after that the EU Commission

3) It is our understanding that companies make applications for a new fibre name to the BISFA Secretariat which then submits this to the Standards for Fibres and Textiles Committee.

approaching the BISFA secretariat already includes guiding information for the applicant by the Secretary General of BISFA

a) Does a company have to wait until the SFT meets before its proposal is put forward to the BISFA Policy Committee?

applications can be put forward either to the SFT or to the Policy Committee, which means to groups meeting in total 4 times a year (spread along the year). This is adequate, taking into consideration the before mentioned initial guiding step by the Secretary General

b) Is it general procedure for the SFT to then put a working group in place to prepare an application proposal together with the company?

The installation of an ad hoc meeting working group depends on the need resulting from discussions at the SFT or Policy committee for more details, for clarification, for analytical results. If there is no need, no working group will be installed

c) How long does it usually take for final approval to be given to an application by BISFA?

Usually it takes no longer than half a year, of course with some exemptions to this rule

4) What advantages does taking an application through BISFA have for companies? Does it speed up the time taken to get an application through the EU procedure? Does it reduce the likelihood of MS objections? Does it affect testing requirements?

it is above all in a case of adoption that the fibres industry (BISFA represents > 90% of the European man made fibers industry) is confirming the need for a new generic name, and it supports the credibility of the applicant if competing companies come to that (consensus) conclusion. Testing results are part of the application at BISFA, so are a base for subsequent adoption by Commission/MS

5) Does BISFA and its member companies always approach the Commission with regard to an application or do companies also make the application through a Member State competent authority?

There are no recent cases of applications through MS competent authorities

6) Are applications generally made at the same time in the EU and in the US, or are they made first in the US or made first in the EU? What generally determines the decision by companies regarding which country they approach first with a new fibre?

all situations occur. One aspect is related to the main market to be addressed

7) If companies tend to make an application in the US first, do they take any further steps prior to making an application in the EU? E.g. carry out more/different testing, prepare different information for their application, etc.

to prepare for application in Europe they usually approach BISFA. Procedures in US and Europe are quite different: in terms of naming (EU: stricter technical name), definition (EU: only verifiable and quantifiable definitions) and testing (EU: strict results related to definitions). The process in EU generally is more extensive, more quantified (and longer)

8) Only a few applications have been made per year in the recent past, does BISFA see the number as increasing in the future? If so, what is the expected trend in terms of numbers per year (e.g. two per year over the next three years, increasing to five a year thereafter)?

difficult to predict, but 2/year seems realistic

9) How long on average does the current process take once an application has been made to the European Commission? What aspects of the current process does BISFA believe could be speeded up?

varies between 2 and 4 years. Recent suggestions made by DG Enterprise seem adequate to speed up. Especially the aspect of testing mentioned is crucial to speed up: if the applicant shows convincing test results, a decision should be based on that without further testing by the Commission or MS (training of MS labs could be organised after adoption and publication)

10) In your experience, what is considered as sufficient proof of commercial relevance in making an application to the EU? Where an application for a new fibre is rejected, in your experience, what implications does this have for a fibre which has proven to be commercially relevant?

a presence in the markets by some tonnage, presence at fairs and other marketing efforts should be shown. If an application is rejected it does not mean the product has no marketing future or power. It only means that the innovation did not show the need to communicate to the market the need for creation of a new fiber family

11) Do companies make use of their ability to approach MS to gain preliminary designations for fibre names in order to be able to market them while the application for a new fibre name is being considered? If so, which MS authorities are approached most often? Also, do MS authorities undertake their own testing or checks prior to agreeing to grant a preliminary designation to fibre?

cases are known for UK, Italy and France. We are not aware of testing done for that by Member States

12) Minutes of meetings of the Committee and Working Groups on Textile Names and Labelling suggest that some of the more recent textiles are challenging the content of Annex 1. For example, it has been suggested that developments in fibre technology means that a new family of fibres (i.e. composite fibres) may need to be added to the families currently listed in the Directive. It has also been suggested that there may be a need to create sub-categories under the generic headings to make distinctions between fibres that deliver new properties but which cannot be given anew fibre name due to their chemical properties or processing method.

Do you believe these issues are likely to become more important in the future? If so, please comment on their likely importance.

Yes, we believe that new technologies like composite fibers are serious candidates for new generic names. The acceptance of generic names should consider new emerging technologies, respectively generic names are a tool for this and they are satisfying a consumers need to create awareness of innovative fibre technologies in the textile market

13) What are the commercial and economic advantages of gaining a new fibre name? Are there any examples that BISFA can provide?

a new fibre name is related to an innovative technology, so it supports a marketing approach based on uniqueness with commercial and economic advantages. Especially the EU fibers industry depends on specialisation and a corresponding creation of awareness in the market. In fact all recent new fibre names can be taken as examples

14) What is the economic value of a reduction in the time taken to gain approval for a new fibre name?

As time is money, a reduction of time (and correspondingly costs) contributes positively

15) What advantages would there be in having test methods agreed for the different fibre types converted into standards overseen by CEN?

one positive aspect is that testing methods could undergo routine revisions (all 5

years?)

16) Would there be advantages to companies in being able to approach a notified body (or a network of such bodies) to develop and carry out the necessary testing?

the application at BISFA already includes that testing is conducted (respectively verified) by preferably 2 notified bodies (recognised testing houses). This should remain an important base referring to the credibility of the application

17) Would the development of clearer and more precise guidelines on what should be included in a dossier and what is required for approval of an application reduce the time and costs involved to companies?

the guidelines are sufficiently clear, but our experience is that some guiding (like through the preliminary guiding mentioned with the Secretary General of BISFA) is helpful

18) Are there other industry associations or companies who you believe should be consulted for this study?

we are not aware of further associations involved in detail

Note: *Please consider that the aspect of harmonisation of generic names (at ISO level, see standard ISO 2076) still is a problem. The actual situation is that at ISO parallel names are adopted (US and EU names) due to a lack of harmonisation*

Number of people per fibre development is not dependent on company size but on the fibre technology to be developed and marketing strategy involved, lets say a large project with 5-10, a smaller project with 2-5 staff

I would prefer to state that per fibre applying for a new generic name during the period of application 1-3 people are directly involved with the Textiles Directive

REVISION OF LEGISLATION ON TEXTILE FIBRE NAMES AND LABELLING

Summary of Responses by Industry (Fibre Users)

Q1 - How many new fibres which could be classified under existing names in EU legislation has your organisation used in the last five years? How many new fibres that required the fibre producer to obtain a new name under EU legislation has your organisation used in the last five years?

| | Number over the last 5 years |
|---|------------------------------|
| Number of new fibres classified under existing names | 10 |
| Number of new fibres requiring new names under EU legislation | 20 |

Q2 - What are the key factors determining the rate of uptake of new textile fibres? Do these vary for fibres which can be classified under existing names and those which require new names?

| |
|-------------------------------|
| New technical fabrics |
| High-Tech garments |
| Personal Protective Equipment |
| Fashion |

Q3 - How long does it take for a textile fibre (initially made available for “market testing purposes”) to be placed on the EU market for production or commercial purposes - please distinguish between the time taken for “new” fibres (which require a new name under the Textiles Directives) and “other” new fibres which can be classified under the existing groups?

| Time taken for “new” fibres requiring a new name | Tick | Time taken for “other” new fibres | Tick |
|--|----------|-----------------------------------|----------|
| <1 year | | <1 year | |
| 1-2 years | | 1-2 years | X |
| 2-3 years | X | 2-3 years | |
| 3-4 years | | 3-4 years | |
| 4-5 years | | 4-5 years | |
| 5 years | | 5 years | |

Q4 - Do you believe that a simplification of the Textiles Directives with the aim of reducing the time taken to approve a fibre would result in a reduction in costs incurred by your organisation? Please provide a reason for your answer.

| | | |
|-----|----------|--|
| Yes | X | <i>Please provide further comments here.</i> |
| No | | |

Please provide your best estimate of the *potential reduction in costs to your organisation* (as a percentage) that would arise from the shorter time frames.

| % Reduction in time delays | Tick | % Reduction in costs | Tick |
|-----------------------------------|-------------|-----------------------------|-------------|
| <15% | X | <15% | |
| 15 - 25% | | 15 - 25% | X |
| 25- 50% | | 25- 50% | |
| 50 - 75% | | 50 - 75% | |
| 75 - 90% | | 75 - 90% | |
| 90 - 100% | | 90 - 100% | |

Q5 - Could you provide further information on the extent to which delays in introducing new fibres results in lost revenue and profits to your organisation?

As laboratory testing centre a shorter time to classify new fibres could be useful to provide a better service to textile companies in order to fill in the composition label.

Q6 - Have delays in the approval of a particular fibre (or fibres) resulted in your organisation:

| | YES/NO |
|--|--------|
| a) resorting to alternative fibres to develop a particular product (or products) | YES |
| b) losing the opportunity to develop a particular product (or products) | YES |
| c) losing significant investment in research and development | YES |
| d) refusing to purchase a fibre which you were previously intending to use | NO |

e) being unable to sell a fibre or product for which you had a potential customer

YES

f) incurring significant costs due to delays in bringing new textile products to market

YES

g) *other (please specify)*

Please provide further details. Any available data on the costs associated with the above actions would be welcomed.

Q7 - Finally, if you feel that we have missed anything important, or would like to comment on any of the issues raised by this questionnaire, please let us know (and continue on a separate sheet if necessary).

| |
|--|
| |
|--|

REVISION OF LEGISLATION ON TEXTILE FIBRE NAMES AND LABELLING

Summary of Response by Consumer Association

Q1 - Is your organisation aware of the EU requirements on textile names and labelling?

| | |
|---|-----|
| <input checked="" type="checkbox"/> Yes | yes |
| <input type="checkbox"/> No | |

Q2 - If yes, what are the main benefits of the requirements for consumers?

| |
|--|
| Flame retardants, Biocides, Organic cotton |
|--|

Q3 - Do you believe that a simplification of the Textiles Directives, to reduce the time taken to approve a fibre, would result in additional benefits for consumers? Please provide a reason for your answer.

| | | |
|-----|-------------------------------------|--|
| Yes | <input checked="" type="checkbox"/> | <i>Please provide further comments here.</i> |
| No | <input type="checkbox"/> | |

Q4 - The options for streamlining the procedures in the Textiles Directives are listed below. Please indicate what impact, if any, you think these would have on consumers.

| Option | Impacts | | |
|--|----------|----------|-----------|
| | Positive | Negative | No impact |
| Changing the Directive to a Regulation, so that national legislation does not need to be adapted | X | | |
| Clearer and more detailed guidance to industry applicants | X | | |
| Transfer of fibre testing methods to European standards | X | | |
| Independent review by an accredited national laboratory before an application is submitted | X | | |

Q5 - Finally, if you feel that we have missed anything important, or would like to comment on any of the issues raised by this questionnaire, please let us know (and continue on a separate sheet if necessary).

ANNEX 2 - Comparison of activities for preparation, assessment and approval of an application to a new textile fibre name, according to the regulatory and the regulatory+non-regulatory (standardisation) approaches examined

| Table I: Comparison of Activities for Streamlining Current Process | | | | |
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| No Policy Change – Current Process | Regulatory (Option 2) and/or Non-regulatory Approach (Option 3) – No additional provisions | Regulatory (Option 2) and/or Non-regulatory Approach (Option 3) – Contents of Application File | Regulatory (Option 2) and/or Non- regulatory Approach (Option 3) – Laboratories recognised byMS | Regulatory (Option 2) and/or Non- regulatory Approach (Option 3) – Contents of Application File + Laboratories recognised by MS |
| <p>Step 0: Preparation of Application</p> <ul style="list-style-type: none"> • Company uses in-house capabilities or hires a Lab to undertake testing or develop new test methods • Application is prepared setting out justification for a new generic name and proposed methods for identification and quantification: <ul style="list-style-type: none"> • Chemistry • Process • Consumer relevance • Identification & quantification methods | <p>Step 0: Preparation of Application</p> <ul style="list-style-type: none"> • Company uses in-house capabilities or hires a Lab to undertake testing or develop new test methods • Application is prepared setting out justification for a new generic name and proposed methods for identification and quantification: <ul style="list-style-type: none"> • Chemistry • Process • Consumer relevance • Identification & quantification methods | <p>Step 0: Preparation of Application</p> <ul style="list-style-type: none"> • Company uses in-house capabilities or hires a Lab to undertake testing or develop new test methods • Application is prepared setting out justification for a new generic name and proposed methods for identification and quantification: <ul style="list-style-type: none"> • Chemistry • Process • Consumer relevance • Identification & quantification methods | <p>Step 0: Preparation of Application</p> <ul style="list-style-type: none"> • Company uses in-house capabilities or hires a Lab to undertake testing or develop new test methods • Application is prepared setting out justification for a new generic name and proposed methods for identification and quantification including: <ul style="list-style-type: none"> • Chemistry • Process • Consumer relevance • Identification & quantification methods • Network Lab checks the test method | <p>Step 0: Preparation of Application</p> <ul style="list-style-type: none"> • Company uses in-house capabilities or hires a Lab to undertake testing or develop new test methods • Application is prepared setting out justification for a new generic name and proposed methods for identification and quantification including: <ul style="list-style-type: none"> • Chemistry • Process • Consumer relevance • Identification & quantification methods • Network Lab checks the test method |

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| <p>Step 1: Submission of Application</p> <ul style="list-style-type: none"> Application is made to Commission or to a MS National Authority | <p>Step 1 : Submission of application</p> <ul style="list-style-type: none"> Application is made to Commission or MS National Authority Application includes proposals for new test methods or correction factors as appropriate | <p>Step 1 : Submission of Application</p> <ul style="list-style-type: none"> Application is made to Commission or MS National Authority Application includes proposals for new test methods or correction factors as appropriate | <p>Step 1: Submission of Application</p> <ul style="list-style-type: none"> Application (including validation report by network lab is made to Commission or MS National Authority Application includes proposals for new test methods or correction factors as appropriate accompanied by a report from a recognised national laboratory | <p>Step 1: Submission of Application</p> <ul style="list-style-type: none"> Application (including validation report by network lab) is made to Commission or MS National Authority Application includes proposals for new test methods or correction factors as appropriate accompanied by a report from a recognised national laboratory |
| <p>Step 2 : Assessment and Initial Review of Application by DG Enterprise</p> <ul style="list-style-type: none"> Commission decision on whether to convene WG or request more info | <p>Step 2 : Assessment and Initial Review of Application by DG Enterprise</p> <ul style="list-style-type: none"> Commission decision on whether to convene WG or request more info | <p>Step 2 : Assessment and Initial Review of Application by DG Enterprise</p> <ul style="list-style-type: none"> Commission decision on whether to convene WG or request more info | <p>Step 2 : Assessment and Initial Review of Application by DG Enterprise</p> <ul style="list-style-type: none"> Commission decision on whether to convene WG or request more info | <p>Step 2 : Assessment and Initial Review of Application by DG Enterprise</p> <ul style="list-style-type: none"> Commission decision on whether to convene WG or request more info |

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| <p>Step 3a: Technical Examination of Application</p> <ul style="list-style-type: none"> • Commission convenes Working Group on Textile Labelling • File discussed at WG meeting • Additional information requests made to applicant where necessary • Clarifications from applicant • JRC carries out tests to check definition and whether suggested test methods are sufficient • Applicant must provide any additional information requested by WG | <p>Step 3a: Technical Examination of Application</p> <ul style="list-style-type: none"> • Commission convenes Working Group on Textile Labelling • File discussed at WG meeting • Additional information requests made to applicant where necessary • Clarifications from applicant • JRC carries out tests to check definition and whether suggested test methods are sufficient • Applicant must provide any additional information requested by WG | <p>Step 3a: Technical Examination of Application</p> <ul style="list-style-type: none"> • Commission convenes Working Group on Textile Labelling • File discussed at WG meeting • Limited information requests made to applicant where necessary • JRC carries out tests to check definition and whether suggested test methods are sufficient • Applicant must provide any additional information requested by WG | <p>Step 3a: Technical Examination of Application</p> <ul style="list-style-type: none"> • Commission convenes Working Group on Textile Labelling • File discussed at WG meeting • Very limited additional information requests made to applicant • JRC carries out tests to check definition and whether suggested methods are sufficient • Applicant must provide any additional information requested by WG | <p>Step 3a: Technical Examination of Application</p> <ul style="list-style-type: none"> • Commission convenes Working Group on Textile Labelling • File discussed at WG meeting • Very limited information requests made to applicant where necessary • JRC carries out tests to check definition and whether suggested methods are sufficient • Applicant must provide any additional information requested by WG |

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| <u>Step 3b: JRC organises ring trials</u> | <u>Step 3b: JRC organises ring trials</u> | <u>Step 3b: JRC organises ring trials</u> | <u>Step 3b: JRC organises ring trials</u> | <u>Step 3b: JRC organises ring trials</u> |
| <ul style="list-style-type: none"> JRC organises ring trials where there is a need to validate findings Uses network of labs Checks repeatability of tests and validity of tests for different combinations of fibres | <ul style="list-style-type: none"> JRC organises ring trials where there is a need to validate findings Uses network of labs Checks repeatability of tests and validity of tests for different combinations of fibres | <ul style="list-style-type: none"> JRC organises ring trials where there is a need to validate findings – sub-set of cases Uses network of labs Checks repeatability of tests and validity of tests for different combinations of fibres | <ul style="list-style-type: none"> JRC organises ring trials where there is a need to validate findings – sub-set of cases; Uses network of labs Checks repeatability of tests and validity of tests for different combinations of fibres | <ul style="list-style-type: none"> JRC organises ring trials where there is a need to validate findings – sub-set of cases Uses network of labs Checks repeatability of tests and validity of tests for different combinations of fibres |
| <u>Step 3c/3d: Report on Technical Examination and discussion with National Experts</u> | <u>Step 3c/3d: Report on Technical Examination and discussion with National Experts</u> | <u>Step 3c/3d Report on Technical Examination and discussion with National Experts</u> | <u>Step 3c/3d: Report on Technical Examination and discussion with National Experts</u> | <u>Step 3c/3d: Report on Technical Examination and discussion with National Experts</u> |
| <ul style="list-style-type: none"> Results of technical examination & ring trials submitted to COM, COM prepares proposal to amend the Directive | <ul style="list-style-type: none"> Results of technical examination & ring trials submitted to COM COM prepares proposal to amend the Directive | <ul style="list-style-type: none"> Results of technical examination & ring trials submitted to COM COM prepares proposal to amend the Directive | <ul style="list-style-type: none"> Results of technical examination & ring trials submitted to COM COM prepares proposal to amend the Directive | <ul style="list-style-type: none"> Results of technical examination & ring trials submitted to COM COM prepares proposal to amend the Directive |
| <u>Step 4: Preparation of Draft Proposals</u> | <u>Step 4: Preparation of Draft Proposals</u> | <u>Step 4: Preparation of Draft Proposals</u> | <u>Step 4: Preparation of Draft Proposals</u> | <u>Step 4: Preparation of Draft Proposals</u> |
| <ul style="list-style-type: none"> Commission tables draft amendments to Committee on Textile Names and Labelling Amendments agreed or referred to written procedure | <ul style="list-style-type: none"> Commission tables draft amendments to Committee on Textile Names and Labelling Amendments agreed or referred to written procedure | <ul style="list-style-type: none"> Commission tables draft amendments to Committee on Textile Names and Labelling Amendments agreed or referred to written procedure | <ul style="list-style-type: none"> Commission tables draft amendments to Committee on Textile Names and Labelling Amendments agreed or referred to written procedure | <ul style="list-style-type: none"> Commission tables draft amendments to Committee on Textile Names and Labelling Amendments agreed or referred to written procedure |

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| <u>Step 5a: Directive Amended</u> | <u>Step 5a: Regulation Amended</u> | <u>Step 5a: Regulation Amended</u> | <u>Step 5a: Regulation Amended</u> | <u>Step 5a: Regulation Amended</u> |
| <ul style="list-style-type: none"> • Submission to scrutiny of EU Parliamentary • Adoption by COM • Publication in OJ | <ul style="list-style-type: none"> • Submission to scrutiny of EU Parliamentary • Adoption by COM • Publication in OJ • Immediate marketing of new fibre possible • <i>Test method passed to CEN to become an EU standard (Option 3 only)</i> | <ul style="list-style-type: none"> • Submission to scrutiny of EU Parliamentary • Adoption by COM • Publication in OJ • Immediate marketing of new fibre possible • <i>Test method passed to CEN to become an EU standard (Option 3 only)</i> | <ul style="list-style-type: none"> • Submission to scrutiny of EU Parliamentary • Adoption by COM • Publication in OJ • Immediate marketing of new fibre possible • <i>Test method passed to CEN to become an EU standard (Option 3 only)</i> | <ul style="list-style-type: none"> • Submission to scrutiny of EU Parliamentary • Adoption by COM • Publication in OJ • Immediate marketing of new fibre possible • <i>Test method passed to CEN to become an EU standard (Option 3 only)</i> |
| <u>Step 5b: CEN Adopts Standard</u> | <u>Step 5b: CEN Adopts Standard</u> | <u>Step 5b: CEN Adopts Standard</u> | <u>Step 5b: CEN Adopts Standard</u> | <u>Step 5b: CEN Adopts Standard</u> |
| <ul style="list-style-type: none"> • <i>Not applicable</i> | <ul style="list-style-type: none"> • <i>Adoption of Test Methods as European Standard by CEN (Option 3 only)</i> | <ul style="list-style-type: none"> • <i>Adoption of Test Methods as European Standard by CEN (Option 3 only)</i> | <ul style="list-style-type: none"> • <i>Adoption of Test Methods as European Standard by CEN (Option 3 only)</i> | <ul style="list-style-type: none"> • <i>Adoption of Test Methods as European Standard by CEN (Option 3 only)</i> |
| <u>Step 5c: MS Transposition</u> | <u>Step 5c: MS Transposition</u> | <u>Step 5c: MS Transposition</u> | <u>Step 5c: MS Transposition</u> | <u>Step 5c: MS Transposition</u> |
| <ul style="list-style-type: none"> • Transposition of Directive by MS | <ul style="list-style-type: none"> • No transposition required <p><i>MS introduce EU standard into national standards in conformity with EN (Option 3 only)</i></p> | <ul style="list-style-type: none"> • No transposition required <p><i>MS introduce EU standard into national standards in conformity with EN (Option 3 only)</i></p> | <ul style="list-style-type: none"> • No transposition required <p><i>MS introduce EU standard into national standards in conformity with EN (Option 3 only)</i></p> | <ul style="list-style-type: none"> • No transposition required <p><i>MS introduce EU standard into national standards in conformity with EN (Option 3 only)</i></p> |
| <u>Changes from Option 1 are underlined</u> | | | | |
| <i>Changes which apply only to Option 3 are in Italics</i> | | | | |

ANNEX 3 Steps Involved in Adopting a Standard

A proposal for a European Standard may come from any interested party, such as the European Commission (EC), the European Free Trade Association (EFTA) and National Standards Bodies (NSB). There are two processes for adopting European standards:

- the ‘classical’ process, which generally takes up to 36 months to complete; and
- the shorter Unique Acceptance Process (UAP), which takes 8 - 12 months.

The ‘Classical’ Process

The key steps involved in the ‘classical’ process are as follows:

1. Approval of the new work item by the relevant CEN technical committee²⁴ : Taking into account the time required and the resources available, the appropriate CEN Technical Committee makes a decision on the adoption of the proposal. If the proposal is for a new field of standardisation activity, a decision is first made by the CEN Technical Board, which then sends the work to a new or existing Technical Committee. An adopted standardisation project is allocated to one of the Working Groups (which reports to the Technical Committee) for the drafting of the standard.

2. Working group prepares a draft standard: This includes preliminary administrative processing (e.g. formal editing and placing the proposal text in a template and translation into English, French and German).

3. Draft standard is circulated for public comment: Once the draft of a European Standard is prepared, it is released for public comment, a process known in CEN as the ‘CEN Enquiry’. At this stage, everyone who has an interest (e.g. manufacturers, public authorities, consumers, etc.) may comment on the draft. These views are collated by the National Standards Bodies and analysed by the CEN Technical Committee.

4. Formal voting on final draft: After the comments collated from the CEN enquiry have been resolved, a final version of the standard is drafted, which is then submitted to the CEN Members for a weighted formal voting. All the CEN countries are required to vote and the standard needs at least 72% of approval to go to the next stage.

5. Ratification and publication of Standard: Final editorial corrections are then made and the standard is published as a formal European Standard in the official languages (English, French, and German).

The Unique Acceptance Procedure (UAP)

The accelerated Unique Acceptance Procedure (UAP) is applied where there is a high likelihood of agreement on a standard. The UAP involves the following steps:

1. Approval of the new work item by the relevant CEN technical committee: Any remaining uncertainties regarding the proposed test method could be addressed through

²⁴ Note that once a standardization project has been adopted (Step 1), the National Standards Bodies stop all national activity within the scope of the project. No new projects are initiated, nor are revisions of existing standards undertaken at a national level. This obligation is called ‘standstill’ and allows efforts to be focused on European harmonization.

formal and informal discussions between CEN and the test method proposer before the adoption process begins. The administrative procedures (e.g. formal editing and placing the proposal text in a template) take around four to six weeks and there is also a two month translation time into English, French and German.

2. The formal voting²⁵ on the proposed test method starts. This formal vote normally lasts five months, but can be shortened to three months.

3. The standard will then be finalised, ratified and published, as in the ‘classical’ process. This could take around four to eight weeks.

At best, the UAP procedure can take 8 - 9 months, and in general, 10 - 12 months, from receipt of a proposal to publication and availability of a European standard. The factor which could affect this is a negative vote: then, the test method would have to be discussed again and improved within the CEN working group.

Adoption as national standard: After publication by CEN, each of the National Standards Bodies adopts the European Standard as an identical national standard and withdraws any national standards which conflict with the new European Standard. Hence one European Standard becomes the national standard in the 30 member countries of CEN. These standards are made available by the National Standards Body in each country (generally for a fee). CEN national members have six months to implement the European standard and withdraw any conflicting national standards.

²⁵ The vote actually combines the CEN-Enquiry and formal vote stage of the “classical process” in one single step. In practise, this allows only editorial comments on the draft standard, as technical issues will have been resolved prior to the start of the vote on the test method

ANNEX 4 - Steps Involved in the Adoption a New Fibre Name in EU legislation

Step 0: Preparation of Application: This is the stage at which a company prepares an application for a new generic name. In general, applications for new generic names are prepared by the companies concerned using in-house or external laboratories. Some companies also go through an adoption procedure at BISFA, prior to approaching the Commission. BISFA represents over 90% of the European man made fibres industry and it is, therefore, considered that the credibility of an application is enhanced if competing companies come to a consensus regarding the validity of an application. The costs of this step are not quantified in the impact assessment as it takes place before an application is made. However, policy options which introduce a network of recognised national laboratories may impact on the length of this step and therefore introduce additional costs within it. These additional costs are included in the analysis.

Step 1: Submission of Application: This is the stage at which a written application (and technical file) for an amendment of the Textiles Directives is sent to the European Commission. The application could be sent to the respective authority of an EU Member State, but this has not yet happened in practice. The application sets out the justification for a new generic name based on (a) chemistry; (b) process; (c) consumer relevance and provides a definition and identification and quantification methods.

Step 2: Assessment and Initial Review of Application: This is the stage at which the application file is initially examined by the Commission services with the aim of determining whether a new name is justified on the basis that the fibre cannot be classified into any of the existing groups. The amendment process will only be initiated where an amendment of the Directives appears appropriate, in view of a need for consumer information and/or the proper functioning of the internal market as well as to encourage innovation by providing the fibre with a legal name for trading.

The Directive does not specify a format for an application from industry and, as such, applications initially submitted to the Commission may have incomplete and insufficient information to make an assessment as to whether an application is justified. The Commission has, therefore, issued a set of *non-legally binding* guidelines²⁶ for potential applicants, which clarifies that an application can only be considered if the information listed below is included:

- a) indication must be provided in which respect the fibre is different (and distinguishable) from existing fibres already listed in Annex I to Directive 96/74/EC;
- b) following from above, an indication of the test methods for detecting the new fibre in mixtures (qualitative and quantitative test method required), taking into account Directives 96/73/EC and 73/44/EEC;
- c) indication of present or future consumer relevance must be provided (and where possible, evidence of innovative elements (e.g. patents));
- d) a proposal for a generic name; and

²⁶ Application for a new fibre name: guidelines available from http://ec.europa.eu/enterprise/textile/guidelines_applicants.htm

e) a proposal for an agreed allowance.

If the Commission services consider that the application is sound, they launch the process for the technical examination.

Step 3: Technical Examination of Application The Commission services make the technical examination of an application (i.e. to validate fibre name as well as the definition and analytical methods proposed by the applicant, so that they can be officially established and used by Member States for market surveillance).

Step 3a: Convening a Working Group: As soon as the Commission has examined a file and it appears likely that it is indeed a new fibre, it convenes a meeting of the Working Group on Textiles Labelling (WG), made up of Member State experts and chaired by a Commission representative. The WG discusses whether the application is justified, the technical adequacy of the file and whether other information is needed from the applicant and gives its opinion to the Commission on whether the application should proceed. Any comments or questions the WG may raise, are referred to the applicant by the Commission. In practice, all applications received to date have required additional data from the applicant.

WG meetings are convened as necessary by the Commission when an application is received (usually in less than three months since the application was submitted to the Commission services). The initial Working Group assessment (is it a new fibre? what additional data are needed to launch the testing?) is usually completed within 6 months, if the applicant holds all the required data and provides it to the Commission in a timely fashion. However, in some cases applicants have taken up to 18 -20 months to provide all the data, particularly where further laboratory testing is required.

Step 3b: Joint Research Centre (JRC) checks definition and test method: In theory, a single WG meeting should be sufficient for a decision to be made as to whether an application should proceed and thus for the JRC of the Commission to initiate its work on validating the fibre definition and test methods. This involves a laboratory examination to check the fibre definition and testing to determine whether there is a test method that will allow Member States Competent Authorities to check that an article labelled with the fibre name indeed contains it. The JRC usually requires around 10 months to undertake this work. If the application file includes a definition and a sound testing method with supporting experimental data, the process can involve shorter checking of these by JRC.

During this stage, the JRC convenes at least two meetings of a European network of national experts on textile labelling in order to share opinions and decisions on the work to be performed. The experts do not provide an official opinion. Although some of the national experts participate in meetings of the Working Group, there is no formal link between the groups.

Step 3c: Ring Trial: There may be a need to organise a 'ring trial' to validate some correction factors and/or new methods in order to evaluate repeatability and reproducibility to ensure that the proposed test method works in different laboratories and with different fibre mixtures. This involves around 10 (though sometimes fewer)

laboratories in Member States carrying out tests. The ring trial phase takes around six months (making 16 months in total for the work of the JRC plus the ring trial).

Step 3d: Discussion with National Experts: The report of the JRC, describing the work performed and the results obtained, is used as a basis to draft the proposals for amending Directives 96/74/EC and 96/73/EC. The report specifies which decisions were taken by consensus with National Experts on the name, definition, methods and coefficients which should be added to the directives.

Step 4: Preparation of Draft Proposals: At this stage, draft proposals to amend the Textiles Directives are prepared and submitted to the Committee on Textile Names and Labelling for voting, following the so-called comitology rules. After receiving a favourable opinion of the Committee, the proposal is submitted for scrutiny to the European Parliament.

Step 5: Amendment of Directive and National Legislation: This stage involves:

- a) the proposals going through European Parliament scrutiny;
- b) the amending Directives being adopted and published in the Official Journal (OJ); and
- c) Member States transposing the Directives into national legislation.

European Parliament scrutiny takes a period of 4-6 months once all linguistic versions have been submitted to the Parliament. If there are no objections during this period, the amendment is adopted and published. Member States then have a further 12 months to transpose the amendments to the Directives into national law.

Opinion

Title **Impact Assessment on: Simplification of EU legislation in the field of textile names and labelling**

(draft version of 16 July 2008)

Lead DG **DG ENTR**

1) Impact Assessment Board Opinion

(A) Context

EU legislation in the field of Textile Names and Labelling consists of three Directives – 96/74/EC, 96/73/EC and 73/44/EEC. These Directives need to be adapted each time a new generic name for a novel fibre is to be added to the technical annexes, it also requires all Member States to take action to transpose the amending Directives into national legislation. In the framework of the legislative simplification programme being undertaken by the European Commission, it is proposed to revise EU legislation on Textile Names and Labelling in order to simplify its adaptation to technical progress.

(B) Positive aspects

This draft IA report is of a good quality. It is well structured with good use of tables and graphs to illustrate the presentation. The report provides a clear and focused problem definition and provides a good range of realistic options. Extensive stakeholder consultation has taken place.

(C) Main recommendations for improvements

The recommendations below are listed in order of descending importance. Some more technical comments have been transmitted directly to the author.

General recommendation:

The report could be improved further by clarifying how the feasibility of the standardisation approach could be better assessed in the future and explaining more clearly the unsuitability of non-legislative and self-regulatory options. A brief clarification of some aspects related to creating a network of recognised laboratories and third country impacts is also recommended. DG ENTR has already indicated it will take on board many of the detailed comments made by the Board.

(1) The report should further clarify the approach to Option 3 (transfer of quantification methods to the domain of standardisation). Due to the lack of information, which the report correctly identifies, there are presently major uncertainties related to this approach, which limit the possibility of evaluating it in detail. However the report also indicates that standardisation has important qualitative benefits (for instance, regular revision of standards and unified approach) which were also emphasised by Member States (p.9). The report should therefore explain in more detail how it is

intended to gather the necessary information and to develop cooperation with the European Committee for Standardisation in order to assess in future whether Option 3 would be an appropriate approach.

(2) The report should include a clearer explanation of why non-legislative and self-regulatory options were discarded including more information on the preference of industry and Member States for a regulatory approach at Community level. A brief presentation of the general objectives of the Textile Name Directive in the Section of Objectives (which presently only states the aims of the revision process) would be useful.

(3) The report should clarify some aspects related to creating a network of recognised laboratories by explaining why the Joint Research Centre can not assist the applicants in the preparation stage and being more specific whether the creation of a voluntary network of recognised laboratories would imply additional cost to Member States (p.44).

(4) Concerning third country impacts, the report should briefly describe how the regulation applies to the export and import of textile products; and what are the principles for granting new fibre names in third countries.

(D) Procedure and presentation

It appears that all procedural requirements have been complied with. The executive summary should contain a clear presentation of the quantified benefits of the policy option.

2) IAB scrutiny process

| | |
|-----------------------------|--------------------------------|
| Reference number | 2008/ENTR/012 (simplification) |
| Author DG | ENTR G 4 |
| External expertise used | No |
| Date of Board Meeting | Written Procedure |
| Date of adoption of Opinion | 9 September 2008 |