

WCEF2026 Accelerator Session

Building the Circular Fashion Ecosystem

Organised By **Environmental Management Centre Pvt. Ltd. India** **17th Sept 2026**

& Ethica Finland

Purpose

To explore strategies for scaling circular fashion from isolated pilots to a profitable, investable ecosystem, bringing together Indian and EU voices across design, recycling technology, finance, and policy



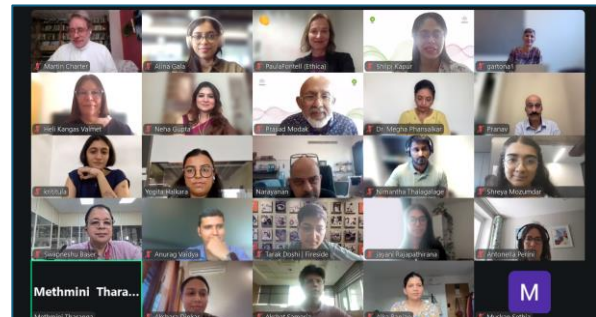
Key Takeaways

- **The core challenge:** India's textile waste (7.8 million tonnes/year) and Europe's tightening regulations (EPR, ESPR, DPP) together create a real business opportunity, but the ecosystem remains fragmented. The priority is a systems-based, coordinated value chain, not more isolated pilots.
- **The investment bottleneck:** startups struggle to raise capital because sustainable brands don't fit neatly into "impact" or commercial investment categories, and inconsistent regulatory recognition limits access to grants and support.
- **Decentralised, design-led, and livelihood-embedded models work:** from Tisser's Navi Mumbai model to India's upcycling scene, the common thread is local collection and local livelihoods, not centralised infrastructure alone.
- **Regulatory clarity, not just regulatory intent, is missing on both sides:** the EU has established rules but is still finalising the details, while India needs a coordinated national strategy and consistent recognition of circular ventures.
- **Behaviour change is just as critical as infrastructure:** building the recycling and collection system means little if consumption and disposal habits don't shift alongside it.

World Circular Economy Forum 2026: Accelerator Session

People from **10+ countries** joined in for the discussion

Speakers from India and the European Union shared useful insights into practical actions for a circular fashion ecosystem



What are the actionable changes needed to unlock better textile collection and recovery?



Live polls and questions added depth to the discussion

In one sentence: What is the one thing that would make YOU more likely to invest in or support circular fashion?

Clarity on legislation	Affordable and stylish sustain options for consumers	Blended approach from MRR and Impact perspective
Clear business plan & serial entrepreneurs involved	City level interventions	Ip Scale
Having end to end solution from raw material to sustainable finished product	The investment with the long term impact and returns	Supply side contracts
Making circular fashion more affordable	I would be more likely to support circular fashion if sustainable clothes were affordable, genuinely durable, and easy to recycle or resell.	Proper regulations
Ensuring quality and standardized feedstock, to ensure the waste actually gets pulled into the manufacturing cycle		Consumer awareness and removing social stigma of using reused items

The Challenge: A Fragmented Ecosystem

Scale of India's Waste: 7.8 million tonnes of textile waste generated annually; Mumbai's volume alone is projected to triple by 2030. Post-consumer waste is an increasingly urgent challenge, driven by fast fashion and rising waste volumes.

Feedstock in India: established hubs such as Panipat, Tirupur, and Amroha, already receive significant volumes of domestic and imported textile waste, much of it sorted, recycled, or upcycled through informal-sector systems.

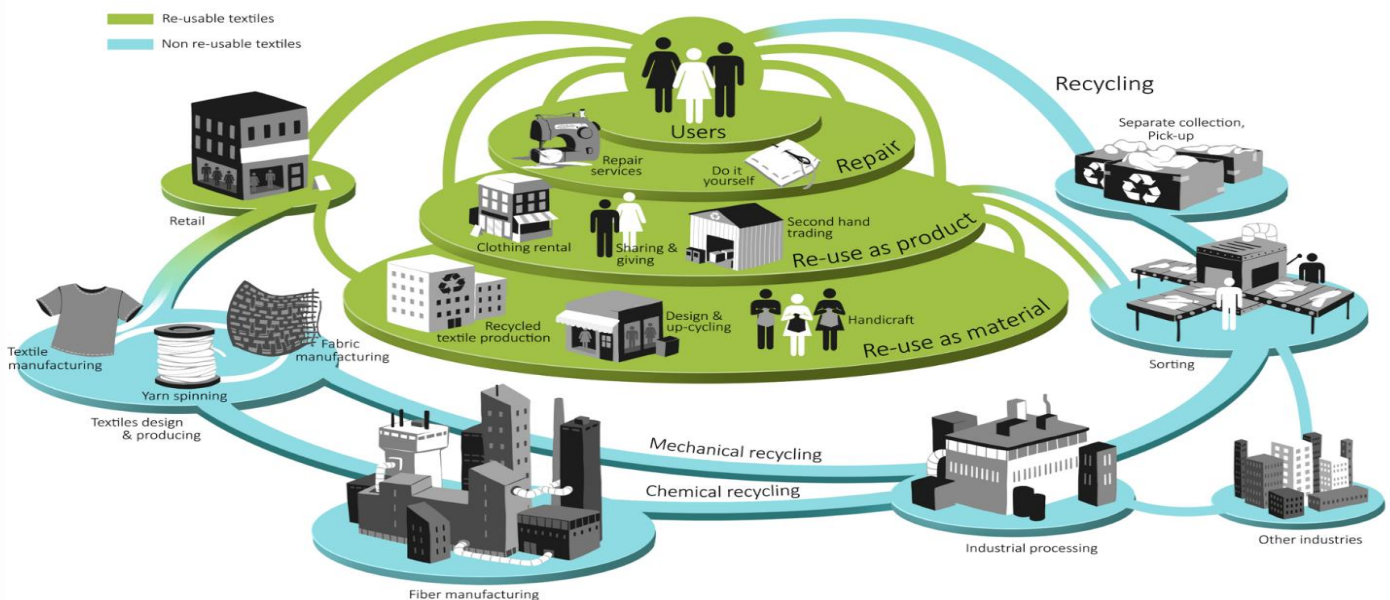
Barriers: blended fabrics, inconsistent feedstock, limited backward integration, and the need for stronger recycling technology and design solutions remain major constraints.

A systems-based response is emerging where organisations are working with government, industry, recyclers, informal waste workers, designers, and consumers to build a replicable circular-city model for post-consumer textile waste, treating this as both an environmental imperative and a business opportunity. Demand for this kind of system is only set to grow, as the regulatory push from Europe, outlined below, adds a second driver alongside India's own waste volumes.



Europe's Regulatory Driver

The EU's circular-textile agenda is developing through a combination of product-design, waste-management, chemical, reporting, due-diligence and consumer-protection requirements.



Overall policy framework

- **Circular Economy Action Plan (CEAP):** Adopted in 2020 under the European Green Deal, it provides the overarching framework for the EU's transition to a circular economy. Its implementation includes ESPR, revised waste legislation and other circular-economy measures.
- **EU Strategy for Sustainable and Circular Textiles:** Adopted on 30 March 2022, the strategy sets the EU's 2030 vision for sustainable and circular textiles. It is being implemented through ESPR, Digital Product Passports, textile EPR and consumer-protection requirements.
- **Circular Economy Act:** The proposed Act remains under development, with Commission adoption planned for late 2026. It may address textile waste, EPR harmonisation, recycling and secondary raw materials, although its final scope remains uncertain.

Ecodesign for Sustainable Products Regulation

- **ESPR framework:** ESPR has been in force since 18 July 2024. Textiles and apparel are priority product groups under the ESPR Working Plan 2025-2030. Textile-specific ecodesign requirements are expected through a delegated act in 2027 and may apply following a transition period from 2028.

- **Digital Product Passport:** The EU introduced DPP service-provider requirements, standards and registry infrastructure during 2026. A textile-specific DPP delegated act is expected in Q3/Q4 2027, followed by a minimum 18-month transition period. The information that textile businesses must include in the DPP remains under development.
- **Ban on destruction of unsold textiles and footwear:** Supporting acts were adopted on 9 February 2026. The ban applies to large companies from 19 July 2026 and will extend to medium-sized companies from 2030.
- **Green Public Procurement:** ESPR enables the EU to establish mandatory procurement requirements for relevant product groups. Textile-specific requirements have not yet been adopted and are expected to be developed alongside textile ecodesign rules.
- **Substances of Concern:** The textile preparatory study is considering information, traceability and possible restriction requirements for substances of concern. Textile-specific requirements may form part of the 2027 ESPR delegated act.
- **EU Ecolabel for textiles:** The EU Ecolabel remains a voluntary certification scheme. It may demonstrate compliance where its criteria align with ESPR. Textile criteria are being revised to reflect future circularity and environmental-performance requirements.

Textile waste, labelling and chemical requirements

- **Separate textile collection:** Under the Waste Framework Directive, EU Member States have been required to separately collect textiles since 1 January 2025.
- **Textile Extended Producer Responsibility:** The revised Waste Framework Directive entered into force on 16 October 2025 and establishes an EU-wide textile EPR framework. Member States must transpose it by 17 June 2027. Textile EPR schemes must become operational by 17 April 2028, with an additional year available for micro-enterprises.
- **Textile Labelling Regulation:** The existing Regulation continues to require the disclosure of textile fibre composition. A revision is under development, although the revised requirements and implementation timetable remain unconfirmed.
- **REACH:** REACH continues to regulate chemicals used in textiles. The planned comprehensive revision has been paused, while the European Commission focuses on targeted substance restrictions and simplification measures.

Cross-cutting supply-chain requirements

- **Waste Shipment Regulation:** The Regulation entered into force on 20 May 2024, with most provisions applying from 21 May 2026, including digital waste-shipment procedures. Additional export requirements apply from 21 May 2027 and may affect textile waste and used textiles classified as waste.
- **Corporate Sustainability Reporting Directive:** The 2026 Omnibus amendments reduced the number of companies directly covered by CSRD.

However, textile suppliers and SMEs may continue to receive environmental and social data requests from larger customers subject to reporting requirements.

- **Corporate Sustainability Due Diligence Directive:** The 2026 Omnibus amendments substantially revised the scope and obligations under CSDDD. Direct requirements focus on very large companies, but due-diligence, traceability and information requests may extend indirectly to suppliers across the clothing value chain.
- **Empowering Consumers for the Green Transition Directive:** The requirements apply from 27 September 2026 and strengthen restrictions on misleading environmental claims, generic sustainability statements and unreliable sustainability labels.
- **Green Claims Directive:** The proposed Directive has neither been adopted nor formally withdrawn. Negotiations remain politically stalled. Environmental claims are nevertheless regulated through the Empowering Consumers Directive and existing EU consumer law.

Implications for Indian suppliers: Indian textile and clothing suppliers should strengthen circular product design, fibre and chemical traceability, environmental-data systems, supplier coordination and controls over sustainability claims. Although several requirements will apply directly to EU companies, Indian suppliers are likely to face increasing information and compliance expectations from European buyers. Early preparation will help suppliers maintain and expand their access to the EU market.

Looking ahead: companies should strengthen circular product design, material traceability, data systems, and supplier collaboration now, while preparing for further requirements under the proposed EU Circular Economy Act. Separately, the Waste Shipment Regulation restricts waste exports, which could reduce the flow of imported feedstock into India.

Net impact: these rules will drive real demand for circular materials, and Indian suppliers who build data, design, and reporting capabilities early will maintain and gain market access.



Key Perspectives from the Panel

1. **Design-Led Scaling – India's Upcycling Scene**

Upcycling gained real traction through design-led collection and diversified sourcing, but scaling stalled on limited access to capital - sustainable brands don't fit neatly into "impact" or commercial investment categories.

2. **Recycling Technology & Feasibility**

Textile recycling technology is largely solvable through R&D. The real challenge is aligning stakeholder expectations and communication across the value chain, not the engineering itself. This reframes the barriers named earlier - blended fabrics, inconsistent feedstock, limited backward integration, as coordination problems to be managed as much as technical ones to be solved.

3. **Livelihood-Embedded Local Collection and Recovery Models**

Collection and recovery models are more likely to scale when they combine local or municipal coordination, accessible collection and recovery pathways, and livelihood creation rather than treating skilling, collection, or recycling as stand-alone interventions. Tisser's Navi Mumbai initiative is one example of this approach: the municipal-scale model links post-consumer textile collection with recycling and upcycling work for women, processing roughly 5 tonnes per month, creating dignified work for 100-200 women, and using blockchain for traceability.

4. **Investment & Regulatory Clarity**

Startups struggle with unclear lines between impact and commercial capital, compounded by inconsistent regulatory recognition that limits access to grants and support. Alongside this, driving real behaviour change in consumption and disposal habits remains just as critical to making the ecosystem work.

Enablers for a Circular Fashion Ecosystem



Encouraging Collection and recovery: Audience responses point to an end-to-end, city-level system rather than isolated collection drives. Source segregation and consumer awareness need to be matched with accessible infrastructure, retailer-led collection, material-conscious design, enabling government policy, and viable economics. References to fair payment, customer compensation, and financing for research also suggest that incentives need to work across the collection and recovery chain.

Scaling and Investing: Participants linked investability to trust, transparency, and operating viability. Greater transparency on practices, credible visibility of impact, and safeguards against greenwashing was paired with enabling regulation, including ecodesign, incentives, and ease of operation. Market-side responses also stressed that circular offerings must remain affordable and desirable, with loyalty programmes and stronger supply-chain trust helping to convert circularity into repeat demand.

Supporting Informal workers: Audience inputs emphasised that inclusion needs to go beyond using informal workers as a labour pool. Dignity, fair and equal pay, better working standards, occupational health and safety, social benefits, and a more respectful work culture need to sit alongside appropriate incentives and practical engagement. This positions worker protection and recognition as part of the operating infrastructure of circular fashion, rather than a social add-on.

Taken together, these three enablers point back to the note's opening finding: collection, investment, and labour all scale together or not at all thus reinforcing why a coordinated, systems-based value chain, not more isolated pilots, is the priority.

Next Steps

Join the dedicated Circular Economy WhatsApp group for continued collaboration and resource-sharing.

Scan the QR or Use this link to join: <https://forms.gle/T2gGdPpQ8p7RFYue7>



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