Simplification of EU Legislation in the Field of Textile Names and Labelling

An Impact Assessment of Policy Options

Final Report

prepared for

European Commission
DG Enterprise and Industry

RPA

July 2008

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by

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EXECUTIVE SUMMARY

Background to the Study

EU legislation in the field of Textile Names and Labelling consists of three Directives. Directive 96/74/EC 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/EC and 73/44/EEC 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.

These Textile Directives need to be adapted every time a new generic name for a novel fibre is to be added to the technical annexes. From a political and legal point of view, the introduction of a new fibre name is a minor technical amendment to EU legislation. However, as the legislation is in the form of Directives, it requires all Member States to take action to transpose the amending Directives. Experience has also shown that it takes a long time between the introduction of a request for a new fibre and its legal adoption in the EU.

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. Two main options have been proposed by the Commission for amendment of the current Textiles Directives, with the aim of speeding up the regulatory process:

- 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. It would, therefore, simplify the adaptation to technical progress by Member States, resulting in a direct reduction of the administrative burden and time related to the transposition into national legislation. This change is mainly of a technical nature, as the provisions for the labelling of textile products and the institutional decision-making process is not affected; or

- 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 methods would be transferred to the domain of standardisation. In addition to the benefits (relating to time savings) of the regulatory approach, transferring quantitative methods to the standardisation domain would result in a regular revision of the standards; this would enable prescribed test methods to keep pace with the rapid development of test methods within the textile industry.

An assessment of the likely impacts (for public authorities, economic operators and consumers) of these options for revision of the Textiles legislation, with the aim of streamlining the procedures for adaptation to technical progress, has therefore been undertaken.

Policy Options

The following options were examined:

1. **Option 1**: *No policy change*: Each option is compared to the current procedure;
2. **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 four sub-options:
   a) ***Option 2.1***: Adopt such new regulation(s) without any additional provision;
   b) ***Option 2.2***: Adopt such new regulation(s), adding an annex specifying the contents of the application file;
   c) ***Option 2.3***: Adopt such new regulation(s), including provisions to establish a network of notified national laboratories;
   d) ***Option 2.4***: Adopt such new regulation(s), including an annex specifying the contents of the application file and provisions to establish a network of notified national laboratories (Option 2.2 plus Option 2.3);
3. **Option 3**: *Adopt a combined regulatory/non-regulatory approach*: 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.
   a) ***Option 3.1***: Adopt such new regulation(s)/standardisation procedures without any additional provisions;
   b) ***Option 3.2***: Adopt such new regulation(s)/standardisation procedures, adding an annex specifying the contents of the application file;
   c) ***Option 3.3***: Adopt such new regulation(s)/standardisation procedures, including provisions to establish a network of notified national laboratories; and
   d) ***Option 3.4***: Adopt such new regulation(s)/standardisation procedures, including an annex specifying the contents of the application file and provisions to establish a network of notified national laboratories (Option 3.2 plus Option 3.3).

Table 1 sets out the total time savings, which would result from these policy options, between making an application for a new fibre name and being able to place the fibre on the market.

Table 1: Potential Time Savings of Options Compared to Baseline

Options	Best Case	Worst Case
Time taken – Option 1 (baseline)	*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
Time savings - Option 3.1	12	0
Time savings - Option 3.2	15	12
Time savings - Option 3.3	18	15
Time savings - Option 3.4	18	21

Best case = The minimum time taken based on experience from the three completed fibre applications
Worst case = The maximum time taken based on experience from the three completed fibre applications

Costs and Benefits to Industry

Table 2 below summarises the impacts of Option 1 (no policy change) and Option 2 (regulatory approach) on industry.

Table 2: Summary of Costs and Benefits to Industry of Options 1 and 2 (10 years, discounted at 4%)		
	Costs and Benefits (€ thousand)	
	Low Cost Scenario[1]	**High Cost Scenario[1]**
	Total over 10 years (for 10 fibres)	**Total over 10 years (for 10 fibres)**
Option 1: Current Process - No Policy Change		
Option 1 - costs	€ 1,252[2]	€ 24,599[2]
Option 1 - benefits	€ 9,110[3]	€ 182,217[3]
Option 1: net benefits	**€ 7,858**	**€ 157,618**
Option 2.1: Convert Legislation to Regulation (No Additional Provisions)		
Option 2.1 - costs	€ 1,252[4]	€ 24,599[4]
Option 2.1 - benefits	€ 9,145[5]	€ 200,439[5]
Option 2.1- net benefits	**€ 7,893**	**€ 175,840**
Net Benefits over Option 1	**€ 35**	**€ 18,221**
Option 2.2: Convert Legislation to Regulation + Guidance on Contents of Application File		
Option 2.2 - costs	€ 911[6]	€ 21,886[6]
Option 2.2 - benefits	€ 9,154[7]	€ 218,661[7]
Option 2.2 - net benefits	**€ 8,243**	**€ 196,795**
Net Benefits over Option 1	**€ 385**	**€ 39,176**
Option 2.3: Convert Legislation to Regulation + Network of National Laboratories		
Option 2.3 - costs	€ 820[8]	€ 19,816[8]
Option 2.3 - benefits	€ 9,163[9]	€ 223,216[9]
Option 2.3 - net benefits	**€ 8,343**	**€ 203,400**
Net Benefits over Option 1	**€ 485**	**€ 45,782**
Option 2.4: Convert Legislation to Regulation + Guidance on Contents of Application File + Network of National Laboratories		
Option 2.4 - costs	€ 820[10]	€ 14,349[10]
Option 2.4 - benefits	€ 9,163[11]	€ 232,327[11]
Option 2.4 - net benefits	**€ 8,343**	**€ 217,978**
Net Benefits over Option 1	**€ 485**	**€ 60,359**

[1] Two cost scenarios were identified to take account of uncertainty over the staff time required by companies during the application process and the cost per staff day. The high cost scenario is based on information provided by industry while the low cost scenario is from previous related studies. The costs and benefits identified under the 'low' cost scenario are considered likely to be the most realistic.

[2] See Table 5.10. [3] See Table 5.12. [4] No change from current situation (Option 1)

[5] Option 1 benefits plus benefits in avoiding delay/loss of revenue (set out in Tables 5.11 and 5.12)

[6] Option 1 costs minus administrative cost savings for Option 2.2 (set out in Table 5.13)

[7] Option 1 benefits plus benefits in avoiding delay/loss of revenue (set out in Tables 5.11 and 5.14)

[8] Option 1 costs minus cost savings for Option 2.3 (set out in Table 5.15)

[9] Option 1 benefits plus benefits in avoiding delay/loss of revenue (set out in Tables 5.11/12 and 5.16)

[10] Option 1 costs minus cost savings for Option 2.4 (set out in Table 5.18)

[11] Option 1 benefits plus benefits in avoiding delay/loss of revenue (set out in Tables 5.11/12 and 5.17)

The key factor in determining costs and benefits of Option 3 and its sub-options is whether new fibres can be placed on the market as soon as the amendment of the Regulation has taken place. In this case, the time and cost savings are the same as for Option 2 and its sub-options (as shown in Figure 1). However, if fibres cannot be marketed with a new name until after formal adoption of the test method by CEN, then the time savings are reduced by 12 months across all sub-options (as shown in Figure 2). In effect, the 12 month delay in marketing the fibre would result in the loss of benefits to industry associated with replacing the Directives with one or more Regulation(s). Table 3 summarises the costs and benefits to industry under these two cases, for the 'low' cost scenario.

Table 3: Summary of Costs and Benefits to Industry of Options 1 and 3 ('low' case)		
	Costs and Benefits (€ thousand)	
	Case A[1]	**Case B[2]**
Option 1: Current Process - No Policy Change		
Option 1 - costs	€ 1,252	€ 1,252[2]
Option 1 - benefits	€ 9,110	€ 9,110[3]
Option 1: net benefits	**€ 7,858**	**€ 7,858**
Option 3.1: Convert Legislation to Regulation and Standards (No Additional Provisions)		
Option 3.1 - costs	€ 1,252	€ 1,252[2]
Option 3.1 - benefits	€ 9,145	€ 9,110[4]
Option 2.1- net benefits	**€ 7,893**	**€ 7,858**
Net Benefits over Option 1	**€ 35**	**€ 0**
Option 3.2: Convert Legislation to Regulation and Standards + Guidance on Contents of Application File		
Option 3.2 - costs	€ 911	€ 911[2]
Option 3.2 - benefits	€ 9,154	€ 9,120[4]
Option 3.2 - net benefits	**€ 8,243**	**€ 8,209**
Net Benefits over Option 1	**€385**	**€ 350**
Option 3.3: Convert Legislation to Regulation and Standards + Network of National Laboratories		
Option 3.3 - costs	€ 820	€ 820[2]
Option 3.3 - benefits	€ 9,163	€ 9,128[4]
Option 3.3 - net benefits	**€ 8,343**	**€ 8,308**
Net Benefits over Option 1	**€ 485**	**€ 450**
Option 3.4: Convert Legislation to Regulation and Standards + Guidance on Contents of Application File + Network of National Laboratories		
Option 3.4 - costs	€ 820	€ 820[2]
Option 3.4 - benefits	€ 9,163	€ 9,128[4]
Option 3.4 - net benefits	**€ 8,343**	**€ 8,308**
Net Benefits over Option 1	**€ 485**	**€ 450**
1. Under Case A, fibres can be placed on the market following adoption of the amended Regulation(s). Figures (€) are, therefore, the **same as those under Option 2** and its sub-options (See Table 6.1). 2. Under Case B, fibres can only be placed on the market after formal adoption of the test method by CEN. There is, therefore, **no change in costs** between Case A and Case B, only delay in benefits accrued. [3] No change from current situation (Option 1) [4] Option 1 benefits minus benefits in avoiding 12-month delay/loss of revenue (set out in Tables 5.11)		

Costs and Benefits to 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.

We have not been able to quantify this benefit, as none of the consumer organisations we have contacted are actively working on the issue of textile fibres. 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 does not, therefore, affect the relative costs and benefits of the Options

Costs and Benefits to Public Authorities

The costs to the Commission of Option 1 are estimated at approximately **€300,000 - €400,000 per application**. Only limited cost savings are expected for the Commission, JRC or the Committee on Textile Names and Labelling under Option 2.1 as there is no real change in their current responsibilities.

The Commission, JRC and the Working Group could experience some cost savings (under Options 2.2 and 3.2, 2.3 and 3.3 and 2.4 and 3.4) if guidance on applications and the involvement of recognised national laboratories meant that there was less need to seek additional information from applicants and, possibly, less need for ring trials. This could result in savings 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 savings over ten years (discounted at 4%) of around **€680,000 to €910,000.**

Member States also incur significant costs in transposing amendments to the Textiles Directives into national law. Changing the Directives to regulation(s) will remove these costs, under all sub-options of Options 2 and 3.

However, the Commission may incur some costs in preparing guidance under Options 2.2 and 3.2. Member States may also incur costs in developing a list of recognised national laboratories under Option 2.3 and 3.3. Both sets of costs would be incurred under Options 2.4 and 3.4. The scale of these costs cannot be quantified.

Conclusions

The analysis shows that the potential benefits of the Textiles Directive to industry outweigh the potential costs under all of the Options. The key conclusions of the study are that:

- the greatest benefits for industry arise from reducing the time taken between an application for a new fibre name being submitted and the ability to place the fibre on the market with the new name. This results in savings in administrative costs and earlier realisation of revenue from sale of the fibre. Options 2.4 and 3.4 (Case A) potentially deliver the most significant cost savings and overall benefits. Time savings under these Options are up to 6 months greater than for the other Options. There may also be savings in the costs of developing quantification methods. If the reduced time-period also led to an increase in new fibre names

from one to three per year, this could generate potential benefits of between €1.8 million and €36 million over ten years;

- the greatest benefits to Member State authorities are from replacing the Directives with Regulation(s), because they would no longer need to transpose the amendments into national legislation. This could generate significant cost savings to Member States. These cost savings arise under all sub-options of Options 2 and 3;

- there are potential benefits to industry and public authorities associated with providing guidance on the contents of the application file (Options 2.2 and 3.2) and on setting up a list of recognised national laboratories under (Options 2.3 and 3.3). Based on discussions with stakeholders, there appears to be a difference between what the Commission services on the one hand, and industry, on the other hand, consider to comprise a 'detailed application file'. If these Options result in the submission of application files more in line with the requirements of the Commission services, this could result in significant time savings for both industry and public authorities; and

- all of the Options will retain the benefits for consumers of certainty that the named fibres meet specified characteristics. Under Option 2, consumers may also gain benefits because new fibres reach the market earlier. Under Option 3, there may be additional benefits from the ability to update quantification methods, if this results in more accurate market surveillance by the public authorities and less risk of fibres that do not comply with the Regulation(s) remaining on the market.

With regard to the potential impacts of the policy options on small and medium enterprises (SMEs), recent applications for new fibre names have been submitted by both large and small firms. The industry organisation representing fibre manufacturers[1] 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.

Although large firms clearly have greater resources than SMEs, the key difference appears to be that, for SMEs, the viability of the whole business may be critically dependent on the time it takes to market a fibre with a new name. While for a large company, the development of a new fibre may often be carried out within a separate business unit, it is more likely that a new generic fibre name is mainly of innovative and/or strategic importance (rather than time delay having potentially damaging effects on the business as a whole). 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. All the options that result in a reduction in the time taken to market will therefore be of particular benefit to SMEs.

[1] CIRFS/BISFA: The International Rayon and Synthetic Fibres Committee / International Bureau for the Standardisation of Man Made Fibres

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1. INTRODUCTION

1.1 Background to the Study

EU legislation in the field of Textile Names and Labelling consists of three Directives, amended over recent years in order to introduce new fibre names into the European legislation (adaptation to technical progress). Directive 96/74/EC[2] 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/EC[3] and 73/44/EEC[4] 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 every time a new generic name for a novel fibre is to be added to the technical annexes. From political and legal points of view, the introduction of a new fibre name is a minor technical amendment to EU legislation. However, as the legislation is in the form of Directives, it requires that national procedures are activated in all Member States in order to provide for the transposition of the amending Directives. In recent years, the number of applications for new fibre names has increased. Experience has shown that it takes a long time between the introduction of a request for a new fibre and its legal adoption in the EU market.

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.

Risk & Policy Analysts Ltd (RPA) has, therefore, been contracted by the European Commission (DG Enterprise and Industry) to undertake a study to support its assessment of the likely impacts (for public authorities, economic operators and consumers) of a number of options for revision of the Textiles legislation, with the aim of streamlining the procedures for adaptation to technical progress.

1.2 Objectives

The aim of the assessment is to determine the likely impacts of proposals for the revision of the legislation on the labelling of textile products. As the overall objective of the regulatory framework will remain unaltered, the analysis will focus on the capacity of the different options to streamline the procedures for adaptation to technical progress.

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2 Directive 96/74/EC of the European Parliament and of the Council of 16 December 1996 on textile names (Official Journal L032, 03/02/1997).

3 Directive 96/73/EC of the European Parliament and of the Council of 16 December 1996 on certain methods for the quantitative analysis of binary textile fibre mixtures (Official Journal L032, 03/02/1997).

4 Council Directive of 26 February 1973 on the approximation of the laws of the Member States relating to the quantitative analysis of ternary fibre mixtures (73/44/EEC, Official Journal L083, 30/03/1973).

The main impact of the legislative simplification in this field is expected to be economic; indirect social and environmental impacts are expected to be limited. Therefore, the aim of the impact assessment study is to provide qualitative and quantitative information as well as the value, where appropriate, of the economic impacts. The results of the study are intended to provide a sound economic basis for comparing the options and identifying the preferred one.

In particular, the objective of the study was to analyse the potential economic effects linked to the different alternatives proposed as the basis for revision, and assess the costs and benefits for public authorities, economic operators and consumers. Among others, the following aspects were considered:

- administrative burden and costs related to the transposition of EU Directives into national legislation;
- administrative burden and costs related to the technical examination for the applicant and for the public administration;
- effects derived from the time passed between the introduction of the application for a new fibre name and the moment in which the fibre can be legally put in the EU market, in particular in relation to the integration or not of the methods of analysis into the CEN standardisation system;
- effects on the uptake of innovative fibres, development of new products or processes and on the overall research and innovation potential of the textile sector; and
- the specific circumstances of Small and Medium Enterprises.

1.3 Structure of this Report

The remaining sections of this Report are organised as follows:

- Section 2 provides an overview of the **Textiles Directives**, highlighting their relevance for the EU textiles industry;

- Section 3 sets out the **application process for a new fibre name** describing the steps involved in the process, the key issues and problems with the current process and the options for improvement;

- Section 4 describes the **research methodology** adopted in assessing the magnitude and significance of the effects of the policy options;

- Section 5 provides the **evaluation results**, focussing on the impacts likely to arise from the different policy options; and

- Section 6 sets out the **conclusions** of the study.

2. THE TEXTILES DIRECTIVES

2.1 Overview of the Textiles Directives

2.1.1 Directive 96/74/EC

Directive 96/74/EC (as amended) on textile names governs the use of fibre names in the EU; all products containing at least 80% by weight of textile fibres are covered by the Directive (with some exceptions set out in Annex III). The Directive aims to provide coherent consumer information throughout the European Union by harmonising the use of fibre names, as well as ensuring the proper functioning of the internal market.

The Directive includes a number of Articles and Annexes which describe in detail the conditions and rules for labelling of textiles, and the procedures for adaptation of the Directive to technical progress. Of note are:

- Article 1 which sets out the essential premise of the Directive, that only textile products which comply with the provisions of this Directive may be marketed within the Community. All textile products have to be labelled or marked whenever they are put on the market for production (where this includes all stages of industrial processing) or commercial purposes;

- Article 2 sets out the definition of a textile product (with Annex I providing further details of fibre names and their description);

- Article 8 sets out clear guidelines for labelling of textile products, in particular that labels should be in clear, legible and uniform print and the possibility of using of national languages in Member States' territories. It also notes that labelling or marking may be replaced or supplemented by accompanying commercial documents when the products are not being offered for sale to the end consumer;

- Article 11 requires Member States to take all necessary measures to ensure that any information supplied when textile products are placed on the market are appropriate. The information which has to be provided (as clarified in previous articles) relates to the textile fibre content of the textile product concerned, and only fibre names that are listed in Annex I to Directive 96/74/EC as amended may be used;

- Article 13 stipulates checks (market surveillance) on whether the composition of textile products is in agreement with the information supplied on the label, according to methods of analysis specified in Directives 96/73/EC and 73/44/EC; and

- Article 16 sets out the formal procedures to amend the Directives.

2.1.2 Directive 96/73/EC

Directive 96/73/EC provides for uniform methods for sampling and analysis to be used in Member States for the purpose of determining the fibre composition of **binary** textile fibre mixtures, in order to implement Directive 96/74/EC on textile names. The Directive gives rules for the preparation of test samples. It identifies different methods for the quantitative analysis of binary fibre mixtures, it sets up rules in case no uniform method exists (yet) and it specifies proceedings for the adaptation to technical progress

2.1.3 Directive 73/44/EC

Directive 73/44/EEC provides for uniform methods for sampling and analysis to be used in Member States for the purpose of determining the fibre composition of **ternary** textile fibre mixtures in order to implement Directive 96/74/EC on textile names. The Directive gives rules for the preparation of test samples; it identifies different methods for the quantitative analysis of ternary fibre mixtures; it sets up rules in case no uniform method exists (yet) and it specifies proceedings for the adaptation to technical progress

2.2 The Textiles Directives and the EU Textile Industry

One of the main reasons for/advantages of the labelling provisions under the Textiles Directives relate to the creation and harmonisation of a single EU market. If the provisions of the Member States with regard to the names, composition and labelling of textile products were to vary from one to another, this would create hindrances to the proper functioning of the internal market. In addition, consumer interests need to be protected by correct information.

The textiles sector is an important part of the European manufacturing industry, with a turnover (excluding clothing) of just over €100 billion in 2005 and employing over 1 million workers. 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[5] 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

[5] Institute Francais de la Mode (2007). **Study on the Competitiveness, Economic Situation and Location of Production in Textiles and Clothing, Footwear, Leather and Furniture Industries. Final report.** Prepared for the European Commission, Enterprise and Industry Directorate-General.

China's accession to WTO, which has enabled Chinese exporters to benefit from the initial steps of quota liberalization since December 2001.

In response to these competitive challenges, the textile industry in Europe has undertaken a lengthy process of restructuring, modernisation and technological progress. Companies have improved their competitiveness by concentrating on products with a higher value-added. European producers are world leaders in markets for technical/industrial textiles and non-woven textiles (for example industrial filters, geotextiles, hygiene products, or products for the automotive industry or the medical sector). The EU industry also has a leading role in the development of new products, such as technical textiles.

A key sector for research is the fibre area; the development of new speciality fibres and fibre-composites for innovative textile products is one of the thematic priorities identified in the Strategic Research Agenda of the European Technology Platform for the Future of Textiles and Clothing. Significant progress been made in synthetic fibres, by a better targeting of functionalities to end uses. Nanotechnologies are also developing, although relatively few products have yet found their way to the market. The focus of research and development is to provide fibres with core properties which are both more durable and efficient than is possible today.

2.3 Trends in Innovation and Development of New Fibres in the EU

In the last five years, three new fibres have been added to Annex I, by way of amendments to Directive 96/74/EC:

- Commission Directive 2004/34/EC of 23 March 2004 which added *polylactide*;
- Commission Directive 2006/3/EC of 9 January 2006 which added *elastomultiester*; and
- Commission Directive 2007/3/EC of 2 February 2007 which added *elastolefin.*

The relevant test methods for quantitative analysis of these fibres were added by:

- Commission Directive 2006/2/EC (*elastomultiester and polylactide*); and
- Commission Directive 2007/4/EC (*elastolefin*).

Prior to this, four new fibres (*cashgora, aramid*, *polyimide*, *lyocell*) were added to Annex I by Commission Directive 97/37/EC of 19 June 1997.

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 focused 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. Although most companies do not discriminate between the global and EU markets, some fibres may be sold on an overseas market (e.g. US) and not in the EU. For instance, one new fibre name which is currently going through the EU approvals process was adopted by the International Bureau for the Standardisation of Man Made Fibres

(BISFA) 10 - 15 years ago and is only currently being put forward to the Commission (by a USA-based company). During this time, it has been sold in the USA and has been marketed in the EU in only small quantities.

The Commission expects that the number of new fibres added to Annex I is likely to increase in the coming years. Member States authorities also indicated that they expected the number of new fibres requiring names to increase, with three suggesting that there could be two to three new fibre name applications per year. Industry (as represented by BISFA) noted that the future trend is difficult to predict; however, it also suggested two applications a year as a realistic estimate.

Industry has also suggested that developments in fibre technology mean 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 distinguish fibres that deliver new properties but which cannot be given a new fibre name due to their chemical properties or processing method[6]. BISFA believes that new technologies such as composite fibres are serious candidates for new generic names.

[6] It is generally accepted that fibre technology is developing rapidly and a new generation of fibres is coming through with different structures but having as their main characteristics a bi- or multi-component nature. For these fibres, the spinning process plays a crucial role in the differentiation of the behaviour of the fibre in relation to its components; i.e. the spinning process gives characteristics that are completely different from the components.

3. THE APPLICATION PROCESS

3.1 The Application Process under the Current Regulatory Framework

For the purposes of this study, the application process under the existing Textiles Directives has been divided into five key steps which involve varying actions by the stakeholders involved (industry and public authorities). These are set out below.

- ***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 notified national laboratories may impact on the length of this step and 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, DG Enterprise and Industry. In theory, 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 reviewed by the Commission (DG Enterprise) with the aim of determining the merits of the application (i.e. whether a new name is justified on the basis that the fibre cannot be classified into any of the existing groups) based on the information provided. This is not a completeness check. The amendment process will only be initiated where an amendment of the Directive appears appropriate in view of a need for consumer information, the proper functioning of the internal market and 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 a judgement as to whether an application is justified. The Commission has, therefore, issued a set of *non-legally binding* guidelines[7] for

[7] **Application for a New Fibre Name: Guidelines**. Available for download from: http://ec.europa.eu/enterprise/textile/ guidelines_applicants.htm

potential applicants, which clarify 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 (e.g. based on chemical or process differences);

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 (based on chemical information and any (new) characteristics of the fibre of relevance to consumers); and

e) an agreed allowance used to calculate the mass of fibres contained in a textile product should be proposed.

- ***Step 3: Technical Examination of Application***: The Commission makes use of the Joint Research Centre (JRC) for the technical examination of an application (i.e. to validate 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 will convene a Technical Experts Working Group on Textiles Labelling (WG). The WG is made up of Member State experts from the Committee on Textiles Names and Labelling, with a Commission representative as chairman. 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. If the WG experts agree that the application for a new fibre could be justified, further examination of quantitative and qualitative methods from the JRC is required. If the experts do not agree, they may send to the Commission services any comments or questions that they have. These comments enable the Commission services to request further clarifications from the applicants. In practice, all applications received to date have required additional data from the applicant. The Commission will usually write to applicants following the WG views on what other data are needed.

WG meetings are convened as necessary by the Commission when an application is received (usually in less than three months). The initial WG 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: JRC checks definition and test methods

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 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 State 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 testing method, the process can involve simple checking of these by JRC and can be very quick.

During this stage, the JRC convenes at least two meetings of the European Network of National Experts on Textiles 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 also participate in meetings of the WG, there is no formal link between the groups.

Step 3c: Ring Trials

When JRC reports on its findings to the WG Meeting, Member State Experts may decide that there is a need for a 'ring trial' to validate the JRC's conclusions and ensure that the proposed test method works in different laboratories and with different fibre mixes. 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 is used as a basis to draft the proposals for amending Directives 96/74/EC and 96/73/EC. The report describes the work performed at the JRC and the results obtained. It also specifies which decisions were taken by a consensus approach with National Experts on the name, definition, methods and coefficients which should be added to the Directives. The JRC sends the report to all members of the European Network of National Experts on Textile Labelling and DG ENTR sends it to members of Committee on Textile Names and Labelling along with the draft amendments.

- ***Step 4: Preparation of Draft Proposals:*** At this stage, draft proposals to amend the Textiles Directive are prepared and submitted to the Committee on Textile Names and Labelling for voting. This Committee is made up of representatives of each of the Member States. If the Committee is not in a position to give an opinion (for instance, if the meeting fails to reach the necessary quorum), the Commission services launch a written procedure and request Member States to inform the

Commission of their positions in writing. This written process adds one month to the timetable. Once the Committee has voted in favour of the proposed amendment, the Commission submits the proposal 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 Directive 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.

  Member States then have a further 12 months to transpose the amendments to the Directives into national law.

3.2 Problems with the Application Process under the Current Regulatory Framework

The key issue surrounding the current regulatory framework (as described above), 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.

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 Directive and have suggested that the Directive be transformed into a Regulation. Similarly, the Commission must undertake technical evaluation of the dossiers submitted by applicants for new fibre names, draw conclusions and draft the amendments to the Directives.

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 could have implications for the rate of innovation in the EU textiles industry and, hence, on the sector's profitability. Such impacts could affect not only the company which has developed the new fibre, but also those responsible for the development and marketing of products based on the fibre. There are also costs in preparing and supporting an application dossier for technical examination; these may be particularly significant for the small and medium enterprises which make up a high proportion of the EU textiles industry. Currently, there is no specific format for an application and only limited guidance is available on the types of information to be included. Again, this may pose particular difficulties for smaller firms with limited experience in the preparation of such dossiers.

There are also concerns over adding new annexes to the Directive to cater for innovation in fibre technology. Creating a new family of fibres, under the title 'multi-component

fibres' or 'composite' fibres (see Section 2.3), would require amendment of the Directive itself, rather than just the Annexes. Equally, adding new sub-categories under the generic headings, to enable distinctions to be made between fibres that deliver new properties of interest to the consumer but which cannot be given a new fibre name as they do not involve a new chemical formula or stem from a novel production technology, would be easier to introduce in a Regulation rather than a Directive.

3.3 Options for Improvement of the Application Process and the Current Regulatory Framework

Two main options have been proposed by the Commission for amendment of the current Textiles Directives, with the aim of speeding up the regulatory process (*Step 5*):

- 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. It would, therefore, simplify the adaptation to technical progress by Member States, resulting in a direct reduction of the administrative burden and time related to the transposition into national legislation. This change is mainly of a technical nature, as the provisions for the labelling of textile products and the institutional decision-making process is not affected; or

- 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 methods would be transferred to the domain of standardisation. In addition to the benefits of the regulatory approach, transferring quantitative methods to the standardisation domain could allow for the adaptation of quantification methods to progress without the lengthy and costly procedure of amending the regulation.

Two other approaches have also been put forward to facilitate the technical work (*Steps 1, 2 and 3*) required to add a new fibre name to EU legislation. The approaches are:

a) **including an annex in the legal act which describes 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); and

b) **establishing a network of recognised national laboratories** which would support applicants in the preparation of a complete technical file (prior to applying for a new fibre name). This would help to ensure that the application file contained all the information necessary. Overall, it is envisaged that:

- the *applicant* 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 network of laboratories to undertake this step too);
- the *recognised laboratory*, identified by national authorities, **will review the fibre and ensure that the application file meets the requirements** of the Commission services. A report from the laboratory, including data to support the validity of quantification methods, would accompany the application file; and
- the technical examination by the *Commission* would focus on **checking the adequacy of the application and validation of quantification methods**, with support in undertaking this provided by the JRC and National Experts. The Commission will remain responsible for commissioning any ring trials that are required to satisfy the concerns of the Working Group.

4. RESEARCH METHODOLOGY

4.1 Approach to Study

4.1.1 Introduction

The overall approach to the study was broken down into a series of tasks as follows:

- Task 1: Scoping Meeting;
- Task 2: Desk Research;
- Task 3: Stakeholder Consultation;
- Task 4: Analysis of Impacts and Comparison of Options; and
- Task 5: Reporting;

Our approach to these tasks is set out below.

4.1.2 Task 2: Desk Research

Task 2 aimed at providing an initial analysis of the proposed amendments, based on available information. This included an assessment of the baseline – the impacts of the Directives to date – as well as a comparative analysis of the proposed options. The desk research included review of readily available publications, such as the Institut Français de la Mode study (2007), as well as information provided by the Commission. Searches for relevant information were also carried out on the internet.

However, despite considerable efforts, very few documents, data sources or reports were identified which provided the type of information required for this study. This confirmed our earlier concern that there is limited readily-available and published literature directly related to textile names and labelling. It was therefore particularly helpful that the Commission was able to provide access to internal information sources, as well as help in clarifying some key points relating to the Options. Some of the analysis (particularly relating to time frames) set out below is based on such information.

4.1.3 Stakeholder Consultation

The objectives of the consultation were to:

- gather additional baseline data that are not available from the literature, including detailed information on the costs and benefits of the current Directives;

- identify the changes in behaviour that might result from the different policy options; and

- determine the potential costs and benefits associated with such changes in behaviour.

In order to achieve this, we completed the following steps:

- sent a series of questions to CIRFS/BISFA, the organisation representing the synthetic fibres industry[8] concerning its procedures and to obtain its views on issues such as the likely future number of new fibre name applications per year, the advantages of creating a network of notified laboratories, etc. CIRFS/BISFA provided a response to these questions and this was followed up with a telephone discussion in which further information on the possible impacts of the Directive was provided. CIRFS/BISFA also reviewed and agreed the assumptions which provided the basis for the analysis of costs and benefits to industry;

- a detailed questionnaire for producers of new textile fibres was prepared and circulated to the Commission for commenting. Following receipt of comments, a revised draft was sent to CIRFS/BISFA to forward to its members. CIRFS/BISFA, however, considered that it was best placed to provide responses on behalf of its members - the questionnaire was, therefore, not circulated and no specific input was received from member companies of CIRFS/BISFA;

- a short questionnaire was prepared for users of new fibres within the textile industry, focusing on the implications for the sector of delays in the availability of new fibres. This questionnaire was sent to Euratex, the association representing the textile and apparel industry, which forwarded the questionnaire to its members. However, only two responses were received;

- a short questionnaire for Competent Authorities within Member States was also prepared and reviewed by the Commission before distribution. This questionnaire focused on the costs and administrative burdens associated with the current Directives and the implications of the proposed options, including the availability of national laboratories to establish a network of notified national laboratories. Ten responses were received;

- a series of questions for CEN was developed and forwarded to the relevant CEN representatives. Responses were received from the four representatives contacted and these responses were followed up with further discussions;

- a series of questions to be discussed directly with the JRC was developed and sent to the Commission for review purposes, and then forwarded to the JRC. A detailed response was provided by the JRC; and

- a brief questionnaire was forwarded to the European Consumer Association (BEUC) and to National Associations in each Member State. The five responses received indicated that no consumer associations are actively involved in textile fibre names and, therefore, they do not feel able to offer a detailed opinion on the proposed changes.

[8] The International Rayon and Synthetic Fibres Committee / International Bureau for the Standardisation of Man Made Fibres

Consultation with stakeholders started on 2 April 2008 (when CIRFS/BISFA was sent a first set of questions) and continued until 2 June 2008 (when the last response was received). Because of the short timescale of the study, stakeholders were asked to respond to the questionnaires within one month; however, stakeholders were invited to contact the consultants if they wished to respond to the questionnaires but were unable to do so before this date. The Draft Final report was also sent for comment to the key stakeholders that had provided data for the study (CIRFS/BISFA and CEN representatives) and they were given a week to provide their feedback. None had further comments.

4.1.4 Analysis of Impacts and Comparison of Options

The aim of the impact assessment is to identify all of the relevant positive and negative impacts for each alternative, and to assess these in qualitative, quantitative and economic terms. 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.

Given the lack of concrete data, it was necessary to make a series of assumptions to provide the basis for the analysis. 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:

- 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 scenarios to provide for a more robust assessment. These scenarios and the resulting cost estimates have been reviewed and agreed by CIRFS/BIFSFA;

- 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% (the Commission standard rate), 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 (in line with the Impact Assessment Guidelines produced by the Commission).

The key assumptions made in the analysis are summarised in Table 4.1.

Table 4.1: Key Assumptions and Data Used in the Study

	Low Cost Scenario		High Cost Scenario	
	Lower Bound	**Upper Bound**	**Lower Bound**	**Upper Bound**
Time taken for processing of an application in the current process	36 months	66 months	36 months	66 months
Average cost per man-month of staff working on fibre	€ 4,166	€ 8,333	€ 4,166	€ 8,333
Average cost for 3 staff (or equivalent) per month	€12,500	€25,000	€12,500	€25,000
Administrative costs incurred under current process	€100,000	€300,000	€ 600,000	€ 1,350,000
Test development costs under current process	€ 25,000	€ 200,000	€ 150,000	€ 900,000

Copies of the questionnaires sent to stakeholders are included in Annex 1. The results of the assessment are described in Section 5.

5. EVALUATION RESULTS

5.1 The Options

The following options were examined:

1. **Option 1**: *No policy change*: Each option is compared to the current procedure;
2. **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 four sub-options:
   a) ***Option 2.1***: Adopt such new regulation(s) without any additional provision;
   b) ***Option 2.2***: Adopt such new regulation(s), adding an annex specifying the contents of the application file;
   c) ***Option 2.3***: Adopt such new regulation(s), including provisions to establish a network of notified national laboratories;
   d) ***Option 2.4***: Adopt such new regulation(s), including an annex specifying the contents of the application file and provisions to establish a network of notified national laboratories (Option 2.3 plus Option 2.4);
3. **Option 3**: *Adopt a combined regulatory/non-regulatory approach*: 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.
   a) ***Option 3.1***: Adopt such new regulation(s)/standardisation procedures without any additional provisions;
   b) ***Option 3.2***: Adopt such new regulation(s)/standardisation procedures, adding an annex specifying the contents of the application file;
   c) ***Option 3.3***: Adopt such new regulation(s)/standardisation procedures, including provisions to establish a network of notified national laboratories; and
   d) ***Option 3.4***: Adopt such new regulation(s)/standardisation procedures, including an annex specifying the contents of the application file and provisions to establish a network of recognised national laboratories (Option 3.3 plus Option 3.4).

5.2 Comparison of Options

Table 5.1 below compares the steps involved in submitting a fibre application under each of the options. Table 5.2 following sets out more detailed assumptions concerning the extent of time saving that would result from Options 2 and 3, compared with the current procedure (Option 1). Overall, Options 2 and 3 could both result in significant savings in the length of time required to obtain a new fibre name following an application.

Table 5.1: Comparison of Activities and Timelines for Regulatory and Non-regulatory Approaches to Streamlining Current Process

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) –** *Network of National Laboratories*	**Regulatory (Option 2) and/or Non-regulatory Approach (Option 3) –** *Contents of Application File + Network of National Laboratories*
Step 0: Preparation of Application • 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: o Chemistry o Process o Consumer relevance o Identification & quantification methods	**Step 0: Preparation of Application** • 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: o Chemistry o Process o Consumer relevance o Identification & quantification methods	**Step 0: Preparation of Application** • 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: o Chemistry o Process o Consumer relevance o Identification & quantification methods	**Step 0: Preparation of Application** • 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: o Chemistry o Process o Consumer relevance o Identification & quantification methods • Network Lab checks the test methods	**Step 0: Preparation of Application** • 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: o Chemistry o Process o Consumer relevance o Identification & quantification methods • Network Lab checks the test methods
Step 1: Submission of Application • Application is made to Commission or to a MS National Authority	**Step 1: Submission of Application** • Application is made to Commission or MS National Authority • Application includes proposals for new test methods or correction factors as appropriate	**Step 1: Submission of Application** • Application is made to Commission or MS National Authority • Application includes proposals for new test methods or correction factors as appropriate	**Step 1: Submission of Application** • 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	**Step 1: Submission of Application** • 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
Step 2: Assessment and Initial Review of Application by DG Enterprise • Commission decision on whether to convene WG or request more info	**Step 2: Assessment and Initial Review of Application by DG Enterprise** • Commission decision on whether to convene WG or request more info	**Step 2: Assessment and Initial Review of Application by DG Enterprise** • Commission decision on whether to convene WG or request more info	**Step 2: Assessment and Initial Review of Application by DG Enterprise** • Commission decision on whether to convene WG or request more info	**Step 2: Assessment and Initial Review of Application by DG Enterprise** • Commission decision on whether to convene WG or request more info

Table 5.1: Comparison of Activities and Timelines for Regulatory and Non-regulatory Approaches to Streamlining Current Process

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) –** *Network of National Laboratories*	**Regulatory (Option 2) and/or Non-regulatory Approach (Option 3) –** *Contents of Application File* + *Network of National Laboratories*
Step 3a: Technical Examination of Application • 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	**Step 3a: Technical Examination of Application** • 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	**Step 3a: Technical Examination of Application** • 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	**Step 3a: Technical Examination of Application** • 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 test methods are sufficient • Applicant must provide any additional information requested by WG	**Step 3a: Technical Examination of Application** • 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 test methods are sufficient • Applicant must provide any additional information requested by WG
Step 3b: JRC organises ring trials • 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	**Step 3b: JRC organises ring trials** • 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	**Step 3b: JRC organises ring trials** • 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	**Step 3b: JRC organises ring trials** • 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	**Step 3b: JRC organises ring trials** • 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
Step 3c/3d: Report on Technical Examination and Discussions with National Experts • Results of technical examination & ring trials submitted to COM	**Step 3c/3d: Report on Technical Examination and Discussions with National Experts** • Results of technical examination & ring trials submitted to COM	**Step 3c/3d: Report on Technical Examination Discussions with National Experts** • Results of technical examination & ring trials submitted to COM	**Step 3c/3d: Report on Technical Examination and Discussions with National Experts** • Results of technical examination & ring trials submitted to COM	**Step 3c/3d: Report on Technical Examination and Discussions with National Experts** • Results of technical examination & ring trials submitted to COM

Table 5.1: Comparison of Activities and Timelines for Regulatory and Non-regulatory Approaches to Streamlining Current Process

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) –** ***Network of National Laboratories***	**Regulatory (Option 2) and/or Non-regulatory Approach (Option 3) –** ***Contents of Application File + Network of National Laboratories***
Step 4: Preparation of Draft Proposals • Commission tables draft amendments to Committee on Textile Names and Labelling • Amendments agreed or referred to written procedure	**Step 4: Preparation of Draft Proposals** • Commission tables draft amendments to Committee on Textile Names and Labelling • Amendments agreed or referred to written procedure	**Step 4: Preparation of Draft Proposals** • Commission tables draft amendments to Committee on Textile Names and Labelling • Amendments agreed or referred to written procedure	**Step 4: Preparation of Draft Proposals** • Commission tables draft amendments to Committee on Textile Names and Labelling • Amendments agreed or referred to written procedure	**Step 4: Preparation of Draft Proposals** • Commission tables draft amendments to Committee on Textile Names and Labelling • Amendments agreed or referred to written procedure
Step 5a: Directive Amended • Submission to scrutiny of EU Parliamentary • Adoption by COM • Publication in OJ	**Step 5a: Regulation Amended** • Submission to scrutiny of EU Parliamentary • Adoption by COM • Publication in OJ • Immediate marketing of new fibre possible • *Test method passed to CEN to become an EU standard (Option 3 only)*	**Step 5a: Regulation Amended** • Submission to scrutiny of EU Parliamentary • Adoption by COM • Publication in OJ • Immediate marketing of new fibre possible • *Test method passed to CEN to become an EU standard (Option 3 only)*	**Step 5a: Regulation Amended** • Submission to scrutiny of EU Parliamentary • Adoption by COM • Publication in OJ • Immediate marketing of new fibre possible • *Test method passed to CEN to become an EU standard (Option 3 only)*	**Step 5a: Regulation Amended** • Submission to scrutiny of EU Parliamentary • Adoption by COM • Publication in OJ • Immediate marketing of new fibre possible • *Test method passed to CEN to become an EU standard (Option 3 only)*
Step 5b: CEN Adopts Standard • *Not applicable*	**Step 5b: CEN Adopts Standard** • *Adoption of Test Methods as European Standard by CEN (Option 3 only)*	**Step 5b: CEN Adopts Standard** • *Adoption of Test Methods as European Standard by CEN (Option 3 only)*	**Step 5b: CEN Adopts Standard** • *Adoption of Test Methods as European Standard by CEN (Option 3 only)*	**Step 5b: CEN Adopts Standard** • *Adoption of Test Methods as European Standard by CEN (Option 3 only)*
Step 5c: MS Transposition • Transposition of Directive by MS	**Step 5c: MS Transposition** • No transposition required • *MS introduce EU standard into national standards in conformity with EN (Option 3 only)*	**Step 5c: MS Transposition** • No transposition required • *MS introduce EU standard into national standards in conformity with EN (Option 3 only)*	**Step 5c: MS Transposition** • No transposition required • *MS introduce EU standard into national standards in conformity with EN (Option 3 only)*	**Step 5c: MS Transposition** • No transposition required • *MS introduce EU standard into national standards in conformity with EN (Option 3 only)*

Changes from Option 1are underlined
Changes which apply only to Option 3 are in Italics

Table 5.2: Time in Months Taken for Each Step of the Application Process (Prior to Marketing) (Best Case (BC) and Worst Case (WC))																		
	Option 1		***Option 2.1***		***Option 2.2***		***Option 2.3***		***Option 2.4***		***Option 3.1***		***Option 3.2***		***Option 3.3***		***Option 3.4***	
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**
	*Option 1 (the current process) could take **36 - 66 months** in total*		*Option 2.1 shows a **12 month time saving compared to Option 1,** as MS no longer have to transpose Directive*		*Option 2.2 shows a **3-12 months time saving** compared to Option 2.1 due to guidance on application file*		*Option 2.3 shows a **6-15 months time saving** compared to Option 2.1 through use of recognised laboratories*		*Option 2.4 shows a **18-33 months time saving** compared to Option 1*		*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.*					

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.
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. .

5.3 Time Savings Associated with the Policy Options

5.3.1 Option 2

Under best case assumptions for Option 1 (i.e. the application contains all the necessary information and there is no need to obtain further information and the fibre and/or quantitative method are not technically complex), the time savings for Option 2 are estimated as being between 12 and 18 months. Under worst case assumptions for Option 1 (delays occur in several of the steps and the fibre and/or quantitative method are technically complex), the maximum time savings delivered by Option 2 would be up to 33 months. The variation in time savings compared to Option 1, across the sub-options to Option 2, is shown in Table 5.3.

Table 5.3: Potential Time Savings Compared to Baseline: Option 2 Sub-Options

Options	Best Case	Worst Case
Time taken - baseline	*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

1. The time taken under the current situation will depend upon the completeness of the file submitted by the applicant and whether the fibre and/or quantitative methods are technically complex. These figures represent the minimum and maximum time taken for the three amendments completed in the last five years.

Our 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 or Option 1, the additional savings from Option 2.4 could be up to 6 months greater than for the other sub-options, while under the best case assumptions for Option 1, there may be no difference between this sub-option and sub-option 2.3. Sub-option 2.1 delivers the smallest time savings, 12 months; this time saving arises from the fact that Member States would no longer need to transpose the amendments into national legislation – i.e. it reflects conversion of the legislation to regulation(s).

5.3.2 Option 3

The assumptions for Option 3, the combined regulatory and non-regulatory option, are more complex. In order to understand them, it is important to understand the process involved in CEN adopting a standard.

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 committee**[9] : 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; and

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. It is envisaged that a test method which has been approved/validated by JRC before being proposed to CEN is to be subject to this procedure, as all interested parties are likely to have been involved in the development of the test method. The UAP involves the following steps:

[9] Note that once a standardisation 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.

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 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 voting**[10] 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. In practice, there are unlikely to be any conflicting national standards for quantification methods for new textile names and so the European standard is likely to be used before the six month period is complete.

The application of the UAP to textile fibre testing methods also assumes that the validated test method was elaborated by all the relevant parties and that there is consensus on the test method. It has been indicated that CEN has confidence that the JRC can perform a consistent and structured validation of the test method (including conducting inter laboratory trials, where required). This will help to meet the criterion for UAP that a positive vote on a standard is likely.

Although CEN is not formally involved in the process of adopting a new textile name, in practice the National Experts who assist the JRC include members of the relevant CEN committees. This should help to reduce the need for further discussion of the test method with CEN, prior to the launch of the UAP.

[10] The vote actually combines the CEN-Enquiry and formal vote stage of the "classical process" in one single step. In practice, 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

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).

The differences in the time savings under Scenarios A and B for Option 3 are set out in Table 5.4. 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.

Table 5.4: Potential Time Savings Compared to Baseline: Option 3 Scenarios

Options	**Best Case**	**Worst Case**
Time taken - baseline	*36*	*66*
Scenario 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
Scenario B - Fibre can be placed on the market after Step 5b (adoption of the standard)		
Time savings - Option 3.1	0	0
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

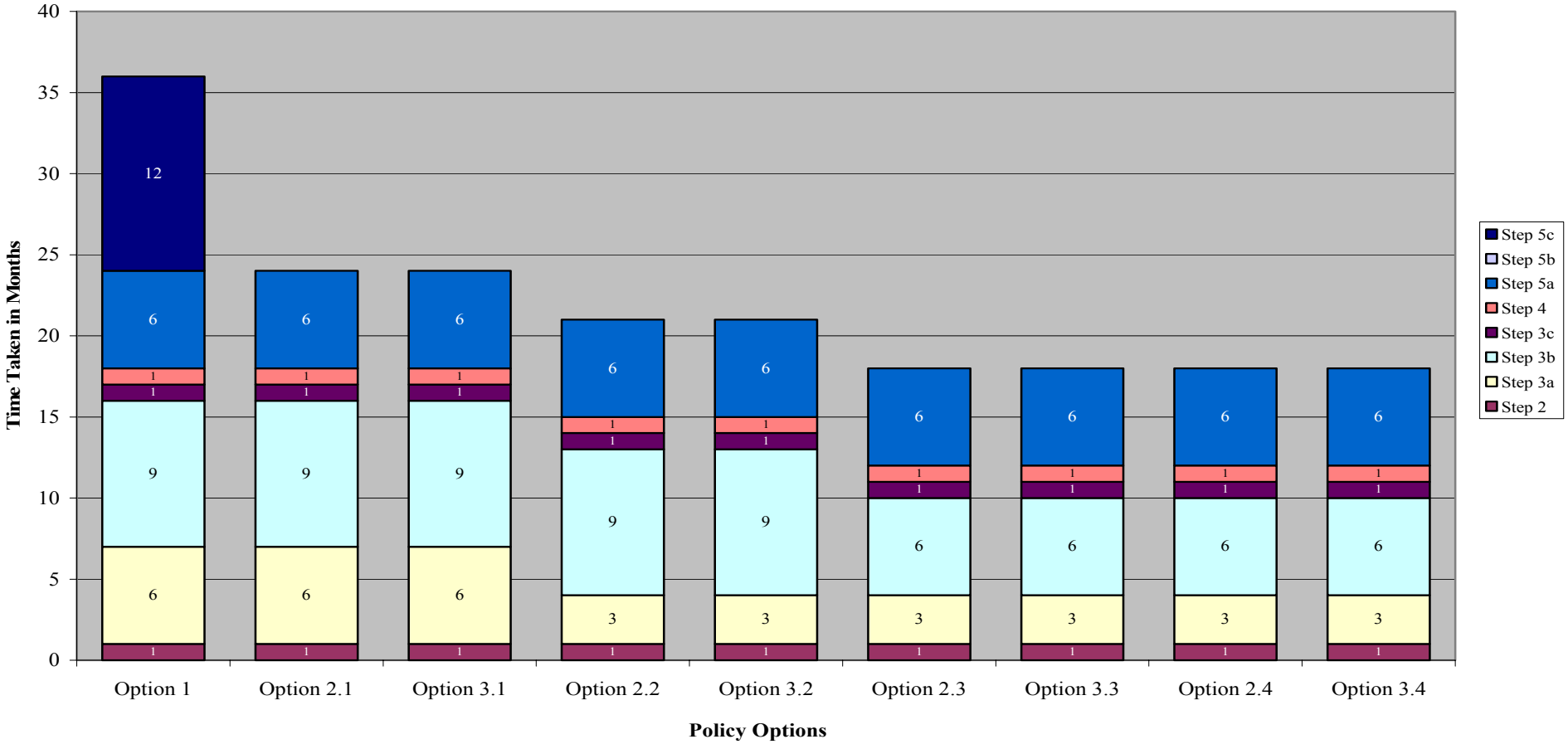
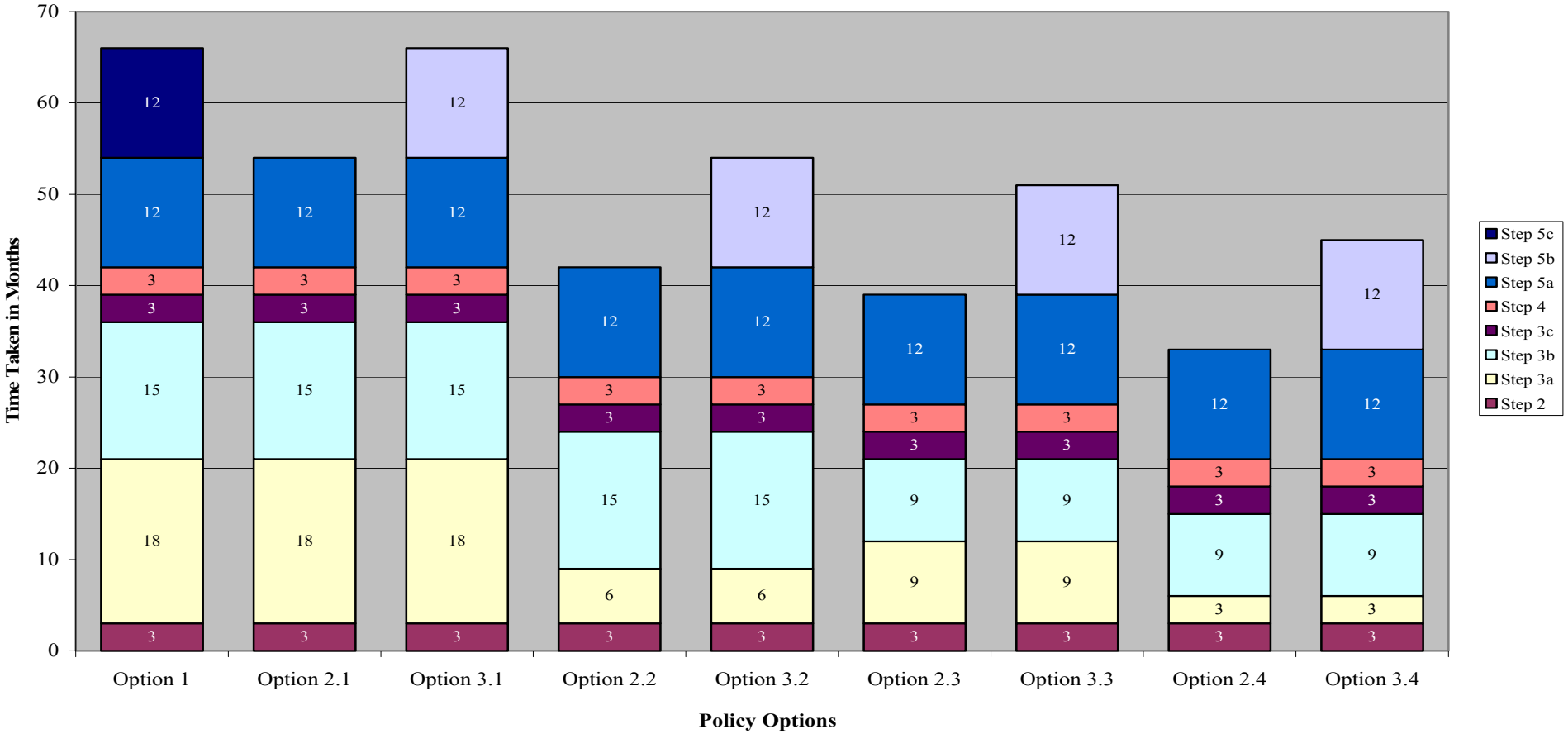


Figure 5.2: Time Taken (Worst Case) For Each Step of the Application Process



5.4 Costs and Benefits of the Policy Options

5.4.1 Assumptions

In estimating the costs and costs savings (benefits) 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 of applications for new textile fibre names and by Member State authorities in the transposition of amendments to 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).

On the basis that only limited information was received from textile/fibre manufacturers which could be used for the purposes of a robust impact assessment, 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 main staff time costs for industry associated with an application will arise in Step 0 (preparation of an application); this is not included in the impact assessment. Staff time will also be required during the application process; this is included in the analysis. 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 Directive is adopted at EU level (Steps 2 to 5a[11]). This implies a cost of around €300,000 per year for three staff or €8,300 per person per month on average. These staff will be a combination of managers, technical experts and administrative assistants, involved at different times in the process, but there is no sound basis to allocate the costs between them. We have adopted this as the **high-cost** scenario.

Our previous work on other application processes indicates that both this time estimate, and the cost per person, may be on the high side. We have therefore assumed that three staff will only work full-time on the application during the stages where there is likely to

[11] According to CIRFS/BISFA, companies undertake no additional work during the period when the amended Directive is being transposed by the Member States.

be communication between the Commission and the applicant (Steps 2, 3a and 3c) at an average (total) cost of €150,000 per year or €4,160 per person per month. The staff do no work during steps 1, 4 and 5. We have adopted this as the **low-cost** scenario.

Table 5.5 below sets out the average costs of staff working on a fibre for both the low and high cost scenarios. It should be noted that these costs appear to be mainly salary based and should not be considered to include full overheads. Due to this uncertainty, it is assumed that these represent *internal tariffs* (with some element of overhead) as defined under the EU Standard Cost Model.

Table 5.5: Average Cost of Staff Working on a Fibre

	Low Cost Scenario	High Cost Scenario
Average cost per **hour** of staff working on fibre	€25	€50
Average cost per **day** of staff working on fibre[1]	€200	€400
Average cost per **month** of staff working on fibre[2]	€ 4,166	€ 8,333
Average cost for 3 staff per month[3]	**€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 5.2), the administrative costs for industry under both the low and high cost scenarios are illustrated in Table 5.6. 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**.

Table 5.6: Administrative Costs to Industry per Application Associated with the Application Process - Low Cost and 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 5 - 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, 3a and 3c, at a (total) cost of €25,000 per month

The Lower Bound and Upper Bound represent costs associated with each step in the "worst-case" and "best-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. Table 5.7 shows the impacts on the administrative costs to industry of the different timescales for the application process (from Table 5.2) under the low cost scenario, where staff time is incurred only in steps 2, 3a and 3c. Note that there is no change in the time taken for steps 2 and 3c under any of the options, so the only changes arise in step 3a (convening a Working Group).

Table 5.7: Administrative Costs to Industry per Application[1] Associated with Different Timescales for Application Process – Low Cost Scenario

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. Assumes three staff work full time throughout steps 2, 3a and 3c, at a (total) cost of €12,500 per month

Table 5.8 shows the impact on administrative costs of the different timescales for the application process (from Table 5.2) under the high cost scenario.

Table 5.8: Administrative Costs to Industry per Application[1] 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. Assumes three staff work full time at a (total) cost of €25,000 per month throughout the application process

In addition to the administrative costs, applicants will also face costs in developing test methods for the textile. We have no direct basis for estimating the scale of these costs. However, 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%.

On this basis, we have calculated that industry costs in developing test methods for could range from **€25,000 - €200,000 for the low case scenario and €150,000 to €900,000 for the high cost scenario**, per application. The calculation is illustrated in Table 5.9.

Note that 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 administrative costs derived for Option 1 are applied to all Options.

Table 5.9: Calculation of Industry Test Development Costs				
	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 5.6. 2. Lower Bound assumes administrative costs account for 80% of total costs of preparing an application 3. Upper Bound assumes administrative costs account for 60% of 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				

As shown in Table 5.9 above, these costs could be increased, if further testing is required during the technical examination stage. Assuming a 50% increase, 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.

5.4.2 Costs and Benefits of Option 1

Industry

Based on the assumptions and analysis in Tables 5.6, 5.7, 5.8 and 5.9, the administrative and testing costs to a company under the current process range from **€137,500** to **€600,000 per application** for the low cost scenario and **€825,000** to **€2.7 million per application** for the high cost scenario, depending on the assumptions made (as shown in Table 5.10 below). The top end of this range appears to quite high, based on information provided by one company, which had spent €2 million so far. This cost covered not only tests and submissions relating to a fibre, but also research and development. (The estimates shown in Table 5.10 do not include research and development costs, as these are incurred before an application is made for a new fibre name).

Table 5.10: Administrative and Testing Costs to Industry of Option 1 (per Application)				
	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 test development during technical examination (where necessary)	€ 12,500	€ 100,000	€ 75,000	€ 450,000
Total cost	**€ 137,500**	**€ 600,000**	**€ 825,000**	**€ 2,700,000**
Cost over 10 years discounted at 4%	€ 1,252,000	€ 5,466,000	€ 5,691,000	€ 24,600,000

Assuming that the current rate of applications (around 1 per year) continues, the total **annual cost to industry** 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 fibre 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.

Because of uncertainties over the timing of revenue increases, we have 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 discussions with CIRFS/BISFA) and a 4% discount rate applies, this gives total benefits of between **€910,000 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 the future. A whole new business unit can be a spin-off as a result of this change. CIRFS/BISFA suggests, however, that market prices are not necessarily the best way to estimate the market impact of a new generic name for a fibre. While it is true that speciality fibres can differ in cost from a commodity fibre by a factor of two to 10 times, a direct comparison cannot be made between their market prices because speciality fibre are produced under special conditions and in lower quantities; the price per kilogram needs to be seen in the context of the quantity produced.

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.

We have not been able to quantify this benefit, as none of the consumer organisations we have contacted are actively working on the issue of textile fibres. 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 is 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 €120,000 while other activities undertaken on behalf of the Commission cost around €250,000. In addition, based on figures obtained from other related studies, meetings of the Technical

Committee are likely to cost around €15,000 for the travel and accommodation 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 Technical Committee and staff time 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.

5.4.3 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 5.10), 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. The main **benefit** to industry from this option is that the advantages of being able to market a fibre with a new name can be realised 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 5.11 sets out the 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 €77,000 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).

Table 5.11: Potential Benefits of Avoiding a One Year Delay in Placing a Fibre on the Market – Scenario 1

	Lower Bound	Upper Bound
Annual revenue per fibre	€100,000	€2 million
Benefits per fibre of avoiding a 1 year delay in achieving in additional revenue (discounted at 4%)	€ 3,846	€ 76,923
Total 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, 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 **€910,000 to €18.2 million,** over 10 years (using a 4% discount rate).

A major potential benefit of this Option is in supporting innovation. If speeding up the process of introducing a new fibre name leads to more new fibres being brought to the market, this could have considerable additional benefits for industry. Table 5.12 indicates the potential benefits, assuming that three new fibre names per year are introduced under Option 2.1, compared to only one new fibre under Option 1. The additional benefit in terms of revenue streams ranges from **€900,000 to over €36 million** over ten years.

Table 5.12: Potential Additional Benefit over Ten Years[1] from Increasing the Rate of Adoption of New Fibre Names

Revenue per Fibre per year	Revenue from One New Fibre/year	Revenue from Three New Fibres/year	Potential Increase in Revenue
€100,000	€ 911,090	€ 2,733,269	€ 1,822,179
€2 million	€ 18,221,792	€ 54,665,375	€ 36,443,583

Notes:
1. Discounted at 4% over ten years

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:

- only limited cost savings are expected for the Commission, JRC or the Committee on Textiles Names and Labelling. The Commission may incur savings through having to deal with fewer queries from Member States regarding technical problems with transposing the legislation; 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 legislation[12], the costs of amending current national legislation to implement an amended Directive are around £700,000 (around €1 million), although no details are given of the basis for this calculation. If similar costs are incurred in other Member States, the benefits to them of not having to transpose amendments to Directives would be considerable.

5.4.4 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. Table 5.13 shows the potential administrative cost savings arising from this 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 benefits to industry over 10 years would be between **€340,000 and €2.7 million** at a 4% discount rate.

[12] 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.

Table 5.13: Administrative Costs of Option 2.2 Compared to Option 1				
	Low Cost Scenario[1]		High Cost Scenario[2]	
	Lower Bound	Upper Bound	Lower Bound	Upper Bound
Administrative costs per fibre of Option 1	€ 100,000	€ 300,000	€ 600,000	€ 1,350,000
Administrative costs per fibre of Option 2.2	€ 62,500	€ 150,000	€ 525,000	€ 1,050,000
Cost Saving per Fibre	**€ 37,500**	**€ 150,000**	**€ 75,000**	**€ 300,000**
Cost savings over 10 years, discounted at 4%	€ 341,659	€ 1,366,000	€ 683,317	€ 2,733,269
1. From Table 5.7 2. From Table 5.8				

The benefits already calculated for Option 2.1 would also apply for Option 2.2; there would also be additional benefits from Option 2.2. Table 5.2 indicated that the potential time savings for Option 2.2 compared to Option 2.1 is 3-12 months. This shorter timescale will generate additional benefits compared to those shown in Table 5.11 (for Option 2.1), from further reductions to delays in bringing fibres with new names to market. These could range from **around €1,000 to €2 million** per annum as shown in Table 5.14 below. These benefits could be equivalent to between **€9,100 and €18.2 million** over 10 years (discounted at 4%).

Table 5.14: Potential Benefits of Avoiding an Additional 3 - 12 months Delay or Loss of Revenue		
	Lower Bound	Upper Bound
Annual revenue per fibre[1]	€100,000	€2 million
Benefits of avoiding a 1 year delay in achieving additional revenue (discounted at 4%)[1]	€ 3,846	€ 76,923
Scenario 1: Delay in Revenue		
Additional benefits of a further 3 month reduction in the time taken to achieve revenue[2]	€962	€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 Table 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).

The JRC, however, 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 tested in-house, especially when it is difficult to obtain information or the samples that have been analysed after requests for further data have been placed.

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 of the Textiles Directives, but the benefits would be brought forward by a further 3 – 12 months compared to Option 2.1.

Public Authorities

The Commission may incur some costs from having to prepare guidance; the scale of these costs is, however, unknown.

Some additional benefits are expected for the Commission, JRC and the Working Group 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 be quantified. However, 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.

5.4.5 Costs and Benefits of Option 2.3

Industry

Option 2.3 involves including provisions to establish a list of recognised national laboratories. This option could result in both costs and benefits for industry.

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, we have assumed (based on discussions with CIRFS/BISFA) that perhaps 10% to 25% of the work on test methods currently undertaken by companies will be repeated by laboratories. If these percentages are applied to the costs of developing test methods shown in Table 5.9, this results in an additional cost to industry (for the tests duplicated by the laboratories) of between **€2,500 and €225,000 per fibre,** as shown in Table 5.15. Assuming that the rate of applications remains at one per year for 10 years, the total cost to industry over 10 years would be between **€22,800 and €2 million** (discounted at 4%).

Table 5.15: Cost Savings to Industry of Option 2.3 compared to Option 1 (per application)

	Low Cost Scenario		High Cost Scenario	
	Lower Bound	**Upper Bound**	**Lower Bound**	**Upper Bound**
Administrative Costs				
Administrative costs of Option 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 costs[2]	**€ 37,500**	**€112,500**	**€ 150,000**	**€ 375,000**
Test Development Costs				
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 technical examination[3]	€ 12,500	€ 100,000	€ 75,000	€ 450,000
Savings in test development costs (savings from non-repetition minus additional costs from repeating tests)	**€10,000**	**€50,000**	**€60,000**	**€225,000**
Total Cost Savings				
Total cost savings (savings in administrative costs plus savings in test development costs)	**€ 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 5.7 and 5.8
2. Current administrative costs (Option 1) minus administrative costs under Option 2.3
3. From Table 5.9
4. 10% duplication – lower bound; 25% duplication – upper bound

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 such 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 costed in this impact assessment, because it takes place before an application is submitted.

In terms of **benefits**, the input of recognised national laboratories into the development of test methods should help to ensure that the potential costs of repeating tests (as shown in Table 5.14), ranging from **€12,500 to €450,000**, would not be incurred. Table 5.15 also indicates that the potential administrative cost savings to industry associated with this Option would be between **€37,500** (lower bound, low cost scenario) and **€375,000 per fibre** (upper bound, high cost scenario) compared to Option 2.1. Net 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).

The benefits already calculated for Option 2.1 would also apply for Option 2.3; there would also be additional benefits. Table 5.2 indicated that the potential time savings for Option 2.3 compared to Option 2.1 is 6-15 months. This shorter timescale will generate additional benefits compared to those shown in Table 5.11 (for Option 2.1), from further reductions to delays in bringing fibres with new names to market. These could range from **around €2,000 to €2.5 million** per fibre, as shown in Table 5.16 below. These benefits could be equivalent to between **€18,200 and €22.8 million** over 10 years (discounted at 4%).

Table 5.16: Potential Benefits of Avoiding an Additional 6 - 15 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 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 Table 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

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 a further 6 – 15 months compared to Option 2.1.

Public Authorities

Member States may incur some costs in identifying recognised national laboratories; the scale of these costs is, however, unknown.

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.**

Most Competent Authorities believe that the identification of recognised laboratories would improve the quality of applications, create competence, result in a shorter processing time and reduce processing costs. However, some also raised concerns, indicating that:

- there will be **insufficient work for the laboratories**. This seems to 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 a recognised laboratory in most Member States. One Member State indicated that it had no laboratory which could serve this 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. One Member State noted that there should only be one laboratory and JRC is the obvious choice; and
- some authorities 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.

JRC indicated that applicants should be free to make use of any laboratories they desire to prepare their applications, especially since they would know the good ones in any case. It considers that the formal creation of a European Network of Public Notified Laboratories (enforcement laboratories), which would make use of the new methods and assist the JRC in the evaluation of applications and take part in the validation of new methods and coefficients, would be a major benefit. This Network already exists (known as the European Network of National Experts on Textile Labelling), however, it is not officially recognised in the legislation and sometimes it is not easy to contact all Member States, nor is it clear which laboratory should be part of the Network when many are available in one country. The official establishment of such a Network would oblige Member States to indicate at least one laboratory, so that no misunderstanding could occur and the work of the JRC would be facilitated.

5.4.6 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.

In terms of additional benefits, Table 5.2 indicated that the potential time savings for Option 2.4 compared to Option 1 is 6-21 months. This shorter timescale will generate additional benefits compared to those shown in Table 5.11 (for Option 2.1), from further reductions to delays in bringing fibres with new names to market. These could range from **around €2,000 to €3.5 million** per fibre, as shown in Table 5.17 below. 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]	€ 6,731	€ 134,615
Scenario 2: Loss of Revenue		
Additional benefits of avoiding loss of 6 months revenue[2]	€50,000	€1 million
Additional benefits of avoiding loss of 21 months revenue[3]	€ 175,000	€3.5 million

1. See Table 5.11
2. Calculated as 50% of benefits of avoiding a one year delay
3. Calculated as 175% of benefits of a avoiding a one year delay

Option 2.4 also results in cost savings compared to Option 1; these range from **€47,500 to €162,500** (low cost scenario) and **€210,000 to €600,000 per application** (high cost scenario), as shown in Table 5.18. 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).

Table 5.18: Cost Savings to Industry of Option 2.4 Compared to Option 1 (per Application)				
	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	€ 62,500	€ 137,500	€ 450,000	€ 825,000
Savings in administrative costs[2]	**€ 37,500**	**€ 112,500**	**€ 150,000**	**€ 375,000**
Cost savings from Testing	€ 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 Table 5.13 showing cost saving per fibre per year under Option 2.
2. Current administrative costs (Option 1) minus administrative costs under Option 2.3
3. From Tables 5.17. High-cost scenario assumes delay in placing the fibre on the market results in a **loss** of one year's revenue. Low-cost scenario assumes no reduction in the overall revenue from the fibre but one-year **delay** in realisation of profit.

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 a further 6 – 21 months compared to Option 2.1.

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 be quantified.

5.4.7 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.

We have identified two potential cases:

- **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, under 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; thus, 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 rapid changes in test methods occurring in the textile industry. At present (Option 1), no changes are made once a test method is included in a Directive. There could be potential benefits to industry from the ability to use more efficient and cost-effective test methods. There would, however, be costs to industry users of the standards, who would need to purchase them from their National Standards body.

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 on the market, so benefits to consumers from this would also be delayed by 12 months compared to Option 2.

The ability to update testing methods periodically could have benefits for consumers, if out of date test methods are currently limiting the ability of enforcement authorities to carry out market surveillance.

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. No information was received 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 UAP. 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.

There are no direct costs to Member State Governments from the formal adoption of a European Standard since the production costs are 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. The costs could be recovered, if copies of standards are sold rather than made freely available. In this case, there could be costs to enforcement bodies in purchasing copies of the standards.

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. Updating European legislation (Regulations and Directives) is a much more time-consuming and demanding process and as a consequence, much more expensive (for instance, in the UK, a regulatory impact assessment is required for any proposal to amend an existing Directive).

Regular updating of standards could have cost implications for users of the standard, including enforcement authorities. For example, a revised test method could require investment in improved laboratory equipment or purchase of different, and potentially more expensive, chemicals. This is less likely to be an issue for industry, which is likely to use 'state of the art' methods for other purposes and, indeed, could face costs from having to retain older equipment and chemicals to meet the requirements of the test method. In addition, consultation during the updating process should ensure that any particular issues regarding the costs can be addressed.

The benefit of regular updating of standards is that test methods are likely to be more efficient and accurate, enabling more effective market surveillance. Member States agreed that it is easier to update an EN standard than to amend the directive or regulation.

6. CONCLUSIONS

6.1 Costs and Benefits to Industry

Table 6.1 below summarises the impacts of Option 1 (no policy change) and Option 2 (regulatory approach) on industry.

Table 6.1: Summary of Costs and Benefits to Industry of Options 1 and 2 (10 years, discounted at 4%)

	Costs and Benefits (€ thousand)	
	Low Cost Scenario[1]	**High Cost Scenario[1]**
	Total over 10 years (for 10 fibres)	**Total over 10 years (for 10 fibres)**
Option 1: Current Process - No Policy Change		
Option 1 - costs	€ 1,252[2]	€ 24,599[2]
Option 1 - benefits	€ 9,110[3]	€ 182,217[3]
Option 1: net benefits	**€ 7,858**	**€ 157,618**
Option 2.1: Convert Legislation to Regulation (No Additional Provisions)		
Option 2.1 - costs	€ 1,252[4]	€ 24,599[4]
Option 2.1 - benefits	€ 9,145[5]	€ 200,439[5]
Option 2.1- net benefits	**€ 7,893**	**€ 175,840**
Net Benefits over Option 1	**€ 35**	**€ 18,221**
Option 2.2: Convert Legislation to Regulation + Guidance on Contents of Application File		
Option 2.2 - costs	€ 911[6]	€ 21,886[6]
Option 2.2 - benefits	€ 9,154[7]	€ 218,661[7]
Option 2.2 - net benefits	**€ 8,243**	**€ 196,795**
Net Benefits over Option 1	**€ 385**	**€ 39,176**
Option 2.3: Convert Legislation to Regulation + Network of National Laboratories		
Option 2.3 - costs	€ 820[8]	€ 19,816[8]
Option 2.3 - benefits	€ 9,163[9]	€ 223,216[9]
Option 2.3 - net benefits	**€ 8,343**	**€ 203,400**
Net Benefits over Option 1	**€ 485**	**€ 45,782**
Option 2.4: Convert Legislation to Regulation + Guidance on Contents of Application File + Network of National Laboratories		
Option 2.4 - costs	€ 820[10]	€ 14,349[10]
Option 2.4 - benefits	€ 9,163[11]	€ 232,327[11]
Option 2.4 - net benefits	**€ 8,343**	**€ 217,978**
Net Benefits over Option 1	**€ 485**	**€ 60,359**

[1] Two cost scenarios were identified to take account of uncertainty over the staff time required by companies during the application process and the cost per staff day. The high cost scenario is based on information provided by industry while the low cost scenario is from previous related studies. The costs and benefits identified under the 'low' cost scenario are considered likely to be the most realistic.
[2] See Table 5.10. [3] See Table 5.12. [4] No change from current situation (Option 1)
[5] Option 1 benefits plus benefits in avoiding delay/loss of revenue (set out in Tables 5.11 and 5.12)
[6] Option 1 costs minus administrative cost savings for Option 2.2 (set out in Table 5.13)
[7] Option 1 benefits plus benefits in avoiding delay/loss of revenue (set out in Tables 5.11 and 5.14)
[8] Option 1 costs minus cost savings for Option 2.3 (set out in Table 5.15)
[9] Option 1 benefits plus benefits in avoiding delay/loss of revenue (set out in Tables 5.11/12 and 5.16)
[10] Option 1 costs minus cost savings for Option 2.4 (set out in Table 5.18)
[11] Option 1 benefits plus benefits in avoiding delay/loss of revenue (set out in Tables 5.11/12 and 5.17)

The key factor in determining costs and benefits of Option 3 and its sub-options is whether new fibres can be placed on the market as soon as the amendment of the Regulation has taken place. In this case, the time and cost savings are the same as for Option 2 and its sub-options (as shown in Figure 1). However, if fibres cannot be marketed with a new name until after formal adoption of the test method by CEN, then the time savings are reduced by 12 months across all sub-options (as shown in Figure 2). In effect, the 12 month delay in marketing the fibre would result in the loss of benefits to industry associated with replacing the Directives with one or more Regulation(s). Table 6.2 summarises the costs and benefits to industry under these two cases, for the 'low' cost scenario.

Table 6.2: Summary of Costs and Benefits to Industry of Options 1 and 3 ('low' case)

	Costs and Benefits (€ thousand)	
	Case A[1]	**Case B[2]**
Option 1: Current Process - No Policy Change		
Option 1 - costs	€ 1,252	€ 1,252[2]
Option 1 - benefits	€ 9,110	€ 9,110[3]
Option 1: net benefits	**€ 7,858**	**€ 7,858**
Option 3.1: Convert Legislation to Regulation and Standards (No Additional Provisions)		
Option 3.1 - costs	€ 1,252	€ 1,252[2]
Option 3.1 - benefits	€ 9,145	€ 9,110[4]
Option 2.1- net benefits	**€ 7,893**	**€ 7,858**
Net Benefits over Option 1	**€ 35**	**€ 0**
Option 3.2: Convert Legislation to Regulation and Standards + Guidance on Contents of Application File		
Option 3.2 - costs	€ 911	€ 911[2]
Option 3.2 - benefits	€ 9,154	€ 9,120[4]
Option 3.2 - net benefits	**€ 8,243**	**€ 8,209**
Net Benefits over Option 1	**€385**	**€ 350**
Option 3.3: Convert Legislation to Regulation and Standards + Network of National Laboratories		
Option 3.3 - costs	€ 820	€ 820[2]
Option 3.3 - benefits	€ 9,163	€ 9,128[4]
Option 3.3 - net benefits	**€ 8,343**	**€ 8,308**
Net Benefits over Option 1	**€ 485**	**€ 450**
Option 3.4: Convert Legislation to Regulation and Standards + Guidance on Contents of Application File + Network of National Laboratories		
Option 3.4 - costs	€ 820	€ 820[2]
Option 3.4 - benefits	€ 9,163	€ 9,128[4]
Option 3.4 - net benefits	**€ 8,343**	**€ 8,308**
Net Benefits over Option 1	**€ 485**	**€ 450**

1. Under Case A, fibres can be placed on the market following adoption of the amended Regulation(s). Figures (€) are, therefore, the **same as those under Option 2** and its sub-options (See Table 6.1).
2. Under Case B, fibres can only be placed on the market after formal adoption of the test method by CEN. There is, therefore, **no change in costs** between Case A and Case B, only delay in benefits accrued.
[3] No change from current situation (Option 1)
[4] Option 1 benefits minus benefits in avoiding 12-month delay/loss of revenue (set out in Tables 5.11)

6.2 Costs and Benefits to 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.

We have not been able to quantify this benefit, as none of the consumer organisations we have contacted are actively working on the issue of textile fibres. 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 does not, therefore, affect the relative costs and benefits of the Options.

6.3 Costs and Benefits to Public Authorities

The costs to the Commission of Option 1 are estimated at approximately **€300,000 - €400,000 per application**. Only limited cost savings are expected for the Commission, JRC or the Committee on Textile Names and Labelling under Option 2.1 as there is no real change in their current responsibilities.

The Commission, JRC and the Working Group could experience some cost savings (under Options 2.2 and 3.2, 2.3 and 3.3 and 2.4 and 3.4) if guidance on applications and the involvement of recognised national laboratories meant that there was less need to seek additional information from applicants and, possibly, less need for ring trials. This could result in savings 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 savings over ten years (discounted at 4%) of around **€680,000 to €910,000.**

Member States also incur significant costs in transposing amendments to the Textiles Directives into national law. Changing the Directives to regulation(s) will remove these costs, under all sub-options of Options 2 and 3.

However, the Commission may incur some costs in preparing guidance under Options 2.2 and 3.2. Member States may also incur costs in developing a list of recognised national laboratories under Option 2.3 and 3.3. Both sets of costs would be incurred under Options 2.4 and 3.4. The scale of these costs cannot be quantified.

6.4 Conclusions

The analysis shows that the potential benefits of the Textiles Directive to industry outweigh the potential costs under all of the Options. The key conclusions of the study are that:

- the greatest benefits for industry arise from reducing the time taken between an application for a new fibre name being submitted and the ability to place the fibre on

the market with the new name. This results in savings in administrative costs and earlier realisation of revenue from sale of the fibre. Options 2.4 and 3.4 (Case A) potentially deliver the most significant cost savings and overall benefits. Time savings under these Options are up to 6 months greater than for the other Options. There may also be savings in the costs of developing quantification methods. If the reduced time-period also led to an increase in new fibre names from one to three per year, this could generate potential benefits of between €1.8 million and €36 million over ten years;

- the greatest benefits to Member State authorities are from replacing the Directives with Regulation(s), because they would no longer need to transpose the amendments into national legislation. This could generate significant cost savings to Member States. These cost savings arise under all sub-options of Options 2 and 3;

- there are potential benefits to industry and public authorities associated with providing guidance on the contents of the application file (Options 2.2 and 3.2) and on setting up a list of recognised national laboratories under (Options 2.3 and 3.3). Based on discussions with stakeholders, there appears to be a difference between what the Commission services on the one hand, and industry, on the other hand, consider to comprise a 'detailed application file'. If these Options result in the submission of application files more in line with the requirements of the Commission services, this could result in significant time savings for both industry and public authorities; and

- all of the Options will retain the benefits for consumers of certainty that the named fibres meet specified characteristics. Under Option 2, consumers may also gain benefits because new fibres reach the market earlier. Under Option 3, there may be additional benefits from the ability to update quantification methods, if this results in more accurate market surveillance by the public authorities and less risk of fibres that do not comply with the Regulation(s) remaining on the market.

With regard to the potential impacts of the policy options on small and medium enterprises (SMEs), recent applications for new fibre names have been submitted by both large and small firms. The industry organisation representing fibre manufacturers[13] 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.

Although large firms clearly have greater resources than SMEs, the key difference appears to be that, for SMEs, the viability of the whole business may be critically dependent on the time it takes to market a fibre with a new name. While for a large company, the development of a new fibre may often be carried out within a separate business unit, it is more likely that a new generic fibre name is mainly of innovative and/or strategic importance (rather than time delay having potentially damaging effects on the business as a whole). It may therefore be particularly important for SMEs to

[13] CIRFS/BISFA: The International Rayon and Synthetic Fibres Committee / International Bureau for the Standardisation of Man Made Fibres

reduce the time between investment in a new fibre and the ability to market it under a new name. All the options that result in a reduction in the time taken to market will therefore be of particular benefit to SMEs.

ANNEX 1:

QUESTIONNAIRES USED FOR THE STUDY

REVISION OF LEGISLATION ON TEXTILE FIBRE NAMES AND LABELLING
Questionnaire for Textile Fibre Manufacturers

Background to the Study and Questionnaire

Directive 96/74/EC (as amended) on textile names governs the use of fibre names in the EU; all products containing at least 80% by weight of textile fibres are covered by the Directive (with some exceptions set out in Annex III). The Directive aims to provide coherent consumer information throughout the European Union by harmonising the use of fibre names, as well as ensure the proper functioning of the internal market.

Under the Textile Directive, textile products have to be labelled or marked whenever they are put on the EU market for production or commercial purposes. The Directive also stipulates checks (i.e. conformity assessment) on whether the composition of textile products is in agreement with the information supplied, according to methods of analysis specified in **Directives 96/73/EC** and **73/44/EC**.

Adding a new fibre to the Annexes of Directive 96/74/EC necessitates a lengthy legislative procedure at European level, and all Member States are required to adapt their national laws accordingly. Experience has shown that it can take two to three years between an application for a new fibre name and its legal adoption in the EU market. The European Commission is therefore proposing to revise EU legislation on Textile Names and Labelling in order to simplify its adaptation to technical progress.

Risk & Policy Analysts Ltd (RPA) has been commissioned to undertake a study to support the Commission in its assessment of the likely impacts (for public authorities, economic operators and consumers) of a number of options for revision of this legislation, with the aim of streamlining the procedures for adaptation to technical progress.

How you can help

Responses to the questions set out below will help us establish the current impacts of the Textiles Directives on your organisation and assess the potential impacts of different options for streamlining procedures. Some questions may not be applicable to you, while other questions may be difficult to answer precisely; please provide your best estimate where possible. In particular, any quantitative information on costs will enable us provide concrete examples of the impacts of the Directives and will significantly assist the Commission's decision making. If you believe we have missed an important point, please feel free to provide additional information on the last (or a separate) sheet.

You may respond to these questions either in writing (preferably by email) or by telephone. If you would like to respond by telephone, please email us suggesting a time when we can call you to discuss the questions. We can accept completed responses in other European languages apart from English. Please note that your responses will be treated confidentially and care will be taken to ensure that specific responses cannot be linked to individual companies. Please send your completed questionnaire by email, fax or post to the address on the last page of this questionnaire by **16 May 2008**. However, if you would like to respond to this survey but are unable to do so before this date, please let us know. Thank you very much for your assistance.

Organisation name:	
Name of contact person:	
Address:	
Telephone number:	
Fax number:	
E-mail address:	

Number of employees:	<50		<250		>250	
Annual turnover:	≤€10m		≤€50m		>€50m	

If possible, please specify your annual turnover: €

Also, if possible, estimate what **percentage of your annual turnover**, or alternatively, **company's sales** is accounted for by textile fibres: %

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?	
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?	

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	
Company size and/or budget allocated to the development of fibres	
Advances in research and development by laboratories	
Market/consumer demand for new fibres	
Wider commercial considerations (e.g. patent rights)	
Other (please specify)	

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	
1-2 years		1-2 years	
2-3 years		2-3 years	
3-4 years		3-4 years	
4-5 years		4-5 years	
5 years		5 years	

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 - €99,999	
€100,000 - €249,999	
€250,000 - €499,999	
€500,000 - €999,999	
€1 million and above	

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)			

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	
1-2 people		<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 (*please specify*)		6 - 12 months/year	

Other administrative costs (including unquantifiable costs):

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%	
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 *(please specify)*			
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.			

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		*Why would it result in a reduction in time delays?*
No		

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?

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?

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?

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?

How much you believe this would cost your organisation?

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?

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).

Thank you for taking the time to complete this questionnaire.
Your response will provide a valuable input to assessing the impacts that the existing regulations have had on the Textiles industry.

Please send your completed questionnaire (and any enquiries) by **16 May 2008** to the address given below by e-mail, fax or post. Thank you very much for your assistance.

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REVISION OF LEGISLATION ON TEXTILE FIBRE NAMES AND LABELLING
Questionnaire for Textile Fibre Users

Background to the Study and Questionnaire

Directive 96/74/EC (as amended) on textile names governs the use of fibre names in the EU; all products containing at least 80% by weight of textile fibres are covered by the Directive (with some exceptions set out in Annex III). The Directive aims to provide coherent consumer information throughout the European Union by harmonising the use of fibre names, as well as ensure the proper functioning of the internal market.

Under the Textile Directive, textile products have to be labelled or marked whenever they are put on the EU market for production or commercial purposes. The Directive also stipulates checks (i.e. conformity assessment) on whether the composition of textile products is in agreement with the information supplied, according to methods of analysis specified in **Directives 96/73/EC** and **73/44/EC**.

Adding a new fibre to the Annexes of Directive 96/74/EC necessitates a lengthy legislative procedure at European level, and all Member States are required to adapt their national laws accordingly. Experience has shown that it can take two to three years between an application for a new fibre name and its legal adoption in the EU market. The European Commission is therefore proposing to revise EU legislation on Textile Names and Labelling in order to simplify its adaptation to technical progress.

Risk & Policy Analysts Ltd (RPA) has been commissioned to undertake a study to support the Commission in its assessment of the likely impacts (for public authorities, economic operators and consumers) of a number of options for revision of this legislation, with the aim of streamlining the procedures for adaptation to technical progress.

How you can help

Responses to the questions set out below will help us establish the current impacts of the Textiles Directives on your organisation and assess the potential impacts of different options for streamlining procedures. Some questions may not be applicable to you, while other questions may be difficult to answer precisely; please provide your best estimate where possible. In particular, any quantitative information on costs will enable us provide concrete examples of the impacts of the Directives and will significantly assist the Commission's decision making. If you believe we have missed an important point, please feel free to provide additional information on the last (or a separate) sheet.

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Organisation name:	
Name of contact person:	
Address:	
Telephone number:	
Fax number:	
E-mail address:	

Number of employees: <50 ☐ <250 ☐ >250 ☐

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	
Number of new fibres requiring new names under EU legislation	

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?

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	
2-3 years		2-3 years	
3-4 years		3-4 years	
4-5 years		4-5 years	
5 years		5 years	

Q4.

Q5. 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		*Please provide further comments here.*
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%		<15%	
15 - 25%		15 - 25%	
25- 50%		25- 50%	
50 - 75%		50 - 75%	
75 - 90%		75 - 90%	
90 - 100%		90 - 100%	

Q6. Could you provide further information on the extent to which delays in introducing new fibres results in lost revenue and profits to your organisation?

Q7. 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)	
b) losing the opportunity to develop a particular product (or products)	
c) losing significant investment in research and development	
d) refusing to purchase a fibre which you were previously intending to use	
e) being unable to sell a fibre or product for which you had a potential customer	
f) incurring significant costs due to delays in bringing new textile products to market	
g) *other (please specify)*	

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

Q8. 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).

Thank you for taking the time to complete this questionnaire.
Your response will provide a valuable input to assessing the impacts that the existing regulations have had on the Textiles industry.

Please send your completed questionnaire (and any enquiries) by **16 May 2008** to the address given below by e-mail, fax or post. Thank you very much for your assistance.

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REVISION OF LEGISLATION ON TEXTILE FIBRE NAMES AND LABELLING
Questionnaire for Competent Authorities

Background to the Study and Questionnaire

Directive 96/74/EC (as amended) on textile names governs the use of fibre names in the EU; all products containing at least 80% by weight of textile fibres are covered by the Directive (with some exceptions set out in Annex III). The Directive aims to provide coherent consumer information throughout the European Union by harmonising the use of fibre names, as well as ensure the proper functioning of the internal market.

Under the Textile Directive, textile products have to be labelled or marked whenever they are put on the EU market for production or commercial purposes. The Directive also stipulates checks (i.e. conformity assessment) on whether the composition of textile products is in agreement with the information supplied, according to methods of analysis specified in **Directives 96/73/EC** and **73/44/EC**.

Adding a new fibre to the Annexes of Directive 96/74/EC necessitates a lengthy legislative procedure at European level, and all Member States are required to adapt their national laws accordingly. Experience has shown that it can take two to three years between an application for a new fibre name and its legal adoption in the EU market. The European Commission is therefore proposing to revise EU legislation on Textile Names and Labelling in order to simplify its adaptation to technical progress.

Risk & Policy Analysts Ltd (RPA) has been commissioned to undertake a study to support the Commission in its assessment of the likely impacts (for public authorities, economic operators and consumers) of a number of options for revision of this legislation, with the aim of streamlining the procedures for adaptation to technical progress.

How you can help

Responses to the questions set out below will help us establish the current impacts of the Textiles Directives on your Member State and assess the potential impacts of different options for streamlining procedures. Some questions may not be applicable to you, while other questions may be difficult to answer precisely; please provide your best estimate where possible. In particular, any quantitative information on costs will enable us provide concrete examples of the impacts of the Directives and will significantly assist the Commission's decision making. If you believe we have missed an important point, please feel free to provide additional information on the last (or a separate) sheet.

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Authority name:	
Name of contact person:	
Address:	
Telephone number:	
Fax number:	
E-mail address:	

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?

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		No	

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?		
Was a preliminary designation provided?		
Did the company market the fibre under this preliminary name?		

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?

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

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

Time taken for transposition (months)	
Administrative burden (person-days)	

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?

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

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

Yes		No	

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

Would cost savings result?	Yes		No	
What costs would be reduced?				
What would the value of the cost saving be?				

Network of Notified Laboratories

The Commission is also considering an option which would involve the creation of an 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?

12) What disadvantages would it have?

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

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?

15) What disadvantages would such an approach have?

Thank you for taking the time to complete this questionnaire.
Your response will provide a valuable input to assessing the impacts of the existing Directives and proposed amendments on Competent Authorities.

Please send your completed questionnaire (and any enquiries) by **16 May 2008** to the address given below by e-mail, fax or post. Thank you very much for your assistance.

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REVISION OF LEGISLATION ON TEXTILE FIBRE NAMES AND LABELLING
Questions for JRC

Technical Examination of Application

1) Can you please describe the different activities that you undertake for DG Enterprise in relation to the review of applications for new textile fibre names?

2) What work do you undertake when you review/validate the proposed tests for identifying new fibres? How long does this take? What is the average cost of this work?

3) Do you ever develop proposals for new testing methods, or just for correction factors, etc to be applied when using existing test methods on 'new' fibres?

Ring Trials

4) Can you describe how you organise ring trials on behalf of the Commission?

5) Have any of the labs that you approach to undertake ring trials indicated that there may be a conflict of interest due to the work that they do for the applicant either in general or in relation to the 'new' fibre in question?

6) How many labs are involved in any one ring trial? Does this vary? If so, for what reasons?

7) How long does a ring trial usually take?

8) Do you tend to involve the same labs in the ring trials for different fibres, or do you use different labs for different fibres?

9) DG Enterprise indicated that an average cost of Euro 300,000-350,000 is assumed for the technical examination of a new fibre name application. What is the average cost of the ring trial?

10) What is the average cost per application of the other activities that you undertake on behalf of the Commission?

Guidance on Preparing 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.

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

12) Do you believe that the existence of such guidance would speed up your work in relation to the approvals process?

13) Do you think it would also reduce your costs?

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.

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

15) What disadvantages would it have?

16) What difference would you expect such a network to make to the work of the JRC in relation to applications for textile names?

17) Would such a network reduce the time taken by the JRC, given that a notified lab will have reviewed the technical file for the application?

18) How many of the labs in the EU do you believe have adequate skills and expertise to act as an accredited "notified" lab?

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.

19) What advantages do you think such an approach would have?

20) What disadvantages would such an approach have?

21) What would be the implications for the JRC's work?

REVISION OF LEGISLATION ON TEXTILE FIBRE NAMES AND LABELLING
Questions for CEN

As you may be aware, the European Commission is proposing to revise the EU legislation on Textile Names and Labelling in order to simplify its adaptation to technical progress. Risk & Policy Analysts (RPA) Ltd has been commissioned by the European Commission to undertake an impact assessment of the proposed changes.

One of the options being considered 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).

We would be grateful if you could provide answers to the following questions:

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

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?

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?

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.

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.

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?

If you have any issues regarding the study or the attached questions, we would be happy to a have a discussion with you over the telephone at any time. We would also be happy to explain the scope of our work and the assistance we will be seeking in further detail. Please note that we are expected to have the key study findings by early June; we would therefore appreciate a speedy response.

We look forward to hearing from you soon.

QUESTIONNAIRE FOR CONSUMER ASSOCIATIONS

Background to the Study and Questionnaire

The EU Directives on textile names and labelling govern the use of fibre names in the EU; all products containing at least 80% by weight of textile fibres are covered, with some exceptions. The Directive aims to provide coherent consumer information throughout the EU by harmonising the use of fibre names, as well as ensure the proper functioning of the internal market.

The Directives require textile products to be labelled or marked whenever they are put on the EU market for production or commercial purposes. The Directive also stipulates checks (i.e. conformity assessment) by competent authorities on whether the composition of textile products is in agreement with the information supplied.

Adding a new fibre name necessitates a lengthy legislative procedure at European level, and all Member States are required to adapt their national laws accordingly. Experience has shown that it can take two to three years between an application for a new fibre name and its legal adoption in the EU market. The European Commission is therefore proposing to revise EU legislation in order to simplify the process.

Risk & Policy Analysts Ltd (RPA) is supporting the Commission in its assessment of the likely impacts (for consumers, public authorities and economic operators) of a number of options for revision of this legislation.

How you can help

Responses to the questions set out below will help us establish the current impacts of the Textiles Directives on your organisation and assess the potential impacts of different options for streamlining procedures. Some questions may not be applicable to you, while other questions may be difficult to answer precisely; please provide your best estimate where possible. In particular, any quantitative information on costs will enable us provide concrete examples of the impacts of the Directives and will significantly assist the Commission's decision making. If you believe we have missed an important point, please feel free to provide additional information on the last (or a separate) sheet.

You may respond to these questions either in writing (preferably by email) or by telephone. If you would like to respond by telephone, please email us suggesting a time when we can call you to discuss the questions. We can accept completed responses in other European languages apart from English. Please note that your responses will be treated confidentially and care will be taken to ensure that specific responses cannot be linked to individual companies.

Please send your completed questionnaire by email, fax or post to the address on the last page of this questionnaire **by 30 May 2008**. However, if you would like to respond to this survey but are unable to do so before this date, please let us know. Thank you very much for your assistance.

Organisation name:	
Name of contact person:	
Address:	
Telephone number:	
Fax number:	
E-mail address:	

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

Yes	
No	

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

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		*Please provide further comments here.*
No		

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			
Clearer and more detailed guidance to industry applicants			
Transfer of fibre testing methods to European standards			
Independent review by an accredited national laboratory before an application is submitted			

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).

Please send your completed questionnaire (and any enquiries) by **30 May 2008** to the address given below by e-mail, fax or post. Thank you very much for your assistance.

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