

Speech by SCED at opening ceremony of Fashion Summit (HK) 2018 (English only)

Following is the speech by the Secretary for Commerce and Economic Development, Mr Edward Yau, at the opening ceremony of the Fashion Summit (HK) 2018 today (September 6):

Felix (Chairman of the Fashion Summit Steering Committee, Mr Felix Chung), distinguished guests, ladies and gentlemen,

Good morning. It is my pleasure to join you all at the Fashion Summit (HK) 2018, and my honour to kick start the keynote session of this two-day conference. May I first extend a warm welcome to all participants.

Fashion is amongst the fastest-growing industries in the world. I read from news report that the global fashion value stands at US\$2.4 trillion. Earlier this year, the annual McKinsey & Company State of Fashion 2018 report predicted that in 2018, we will witness an average growth of between 3.5 per cent and 4.5 per cent for the industry sales, three times higher than the 1.5 per cent growth in 2016. But I read with greater interest that the report also forecasted that "sustainability" is becoming a fashion trend with growing importance.

The theme of this year's Fashion Summit, "Circular Economy", therefore, cannot be more timely and relevant. The discussion topic signifies that industry players are not merely aiming to achieve growth, but growth in a sustainable way. With all the change-makers gathering here today, I see the eagerness of the industry in moving forward, and towards a sustainable future.

Circular economy is the buzzword of the day. The concept has been gaining momentum in the academic, business and policymaking arenas. The circular economy approach emphasises product, component and material reuse, remanufacturing, refurbishment, repair, cascading and upgrading as well as use of renewable energy such as solar, wind, biomass and waste-derived energy throughout the product value chain. It aims for a product cycle which reduces negative environmental impacts and stimulates new business opportunities. But one can say all these are easier said than done. Are these applicable and achievable in the fashion industry, and in the production and trade of textiles and garment? Obviously, it is not without challenges. The first obvious challenge is knowledge and awareness; and whether we know sufficiently well what price we pay in a linear economy.

The inconvenient truth is that the traditional linear economy has dominated the overall economic development in previous decades if not centuries, and the fashion industry was no exception. According to a research conducted by McKinsey & Company, apparel sales have risen sharply in recent

years as businesses have used "fast fashion" design and production systems to cut prices and introduce new lines more often. From 2000 to 2014, global clothing production doubled and the number of garments sold per person increased by 60 per cent. The deteriorating clothing utilisation also contributes a large part to this unsustainable growth of the fashion industry. Clothing utilisation, that is, the average number of times a garment is worn before it ceases to be used, has decreased by 36 per cent compared to 15 years ago. It is estimated that this "take-make-dispose" model leads to an economic value loss of over \$500 billion per year.

The growth of the textile industry has caused serious environmental degradation at the global level. The making and laundering of clothes consume a large amount of water resources, let alone the competition for water in the growing of cotton in climatic challenging areas; the dyeing process produces toxic chemicals; the old and not-so-old garments occupy our landfills. In 2014, over 14 million tonnes of textile waste was generated in the United States, whereas in Hong Kong in 2016, the figure was 125 196 tonnes. It is therefore unsurprising that the Ellen MacArthur Foundation predicts that if today's textiles economy continues in a business-as-usual scenario, by 2050 we will have released over 20 million tonnes of plastic microfibres into the ocean.

This phenomenon is beyond alarming and the impact is widely applied in all economies, developed or developing. Without improvements in how clothing is made, cared for, and disposed of, the negative environmental impacts created by the fashion industry will only worsen, eventually causing backlashes to the growth of the industry. Cut-throat cost competition, scrambling for fabric materials, rising cost in disposing and treating industrial waste are all adding a toll on the textile and garment industry.

Circular economy would reduce both the input of materials and energy to, and the emission output and waste from the production system. The costs of acquiring resources and energy would be reduced, so as those arising from the processing of waste and emissions, such as putting in place the necessary environmental regulations, introducing taxes or managing wastes and landfills. Some of these policies and regulations are happening in Hong Kong and China now. But for the circular economic model to apply, efforts cannot just be confined to the cycle of production alone. A truly circular economic model can work only with the full application of the green technology, material sourcing, recycling; and of equal importance are the consumer behavioural changes, rightful marketing and pricing in support of a sustainable economy.

While using more sustainable methods may increase costs upfront, in the long run, doing so can spur innovation, guard against supply-chain shocks such as drought conditions, and enhance corporate reputations. The shift towards this economic model means that products will be designed to last and more importantly be reusable; hence their embedded values will circulate in the economy as long as possible. With growing consumer attention on sustainability issues, businesses adopting the circular economy model can also expect an improved corporate image which would in turn build up brand loyalty and promote revenue growth. But all these could just be paper comfort

if there is no creative way to engage customers to take part and to put passion into action. Very re-assuring, I am seeing this happening in Hong Kong recently. One of the new and accessible experience of garment shopping cum recycling comes from Novetex Textiles Limited that will soon open in The Mills. In its press release, it says "members of the public are encouraged to bring items of their unwanted clothing to the shop, select their preferred style, and then bring a new garment home". If this happens, it will take circular economy a step forward, using consumer behaviour and shopping experience to drive changes. So instead of "Buy one Get one Free", bring one and recycle one, before you bring one home.

The growing awareness for environmental protection offers immense business opportunities for the environmental technology companies as well. With the increasingly stringent regulatory regimes on environmental protection in the global market, many industrial sectors have recognised the need to adopt and develop green manufacturing practices and clean technologies in order to survive and compete. In Hong Kong, many companies are starting to tap on the opportunities in this field, especially those arising from the Mainland market. A lot of people remind me that the regulatory environment in the Mainland in promoting green environment and sustainability is no less stringent than that in the West.

The successful shift towards the circular economy will only be made possible by technological advancement which the Government is keen to see. In recent years, we have witnessed the fashion industry exploring new materials, pioneering new business model and developing new design technology. For example, we understand that in collaboration with and alongside the Fashion Summit, the Hong Kong Research Institute of Textiles and Apparel (HKRITA) is hosting the Innovation and Technology Symposium to share the latest technology developments and innovations on sustainability for the fashion industry.

HKRITA, established in 2006 and funded by the Hong Kong Government, engages in applied research to support the textile and apparel industries in order to boost their overall competitiveness, and to drive sustainable improvements and bring about benefits to the whole society. Indeed, many leading fashion brands are actively collaborating with HKRITA to develop groundbreaking and award-winning new technologies to recycle blend textiles into new fabrics and yarns through mechanical, biological and chemical methods, such as the "Postconsumer Blended Textile Separation and Recycling by Hydrothermal Treatment" and "Textile Waste Recycling by Biological Methods" which won gold medals in the 46th International Exhibition of Inventions of Geneva. It demonstrates that use of new technology is a good starting point for transition towards the circular economy, and the Government is offering and will continue to offer support in this respect.

Apart from technology, changing the behaviour of consumers is also vital in driving the move towards a circular economy. In fact, there is already heightened awareness of the issue of sustainability among global fashion shoppers, especially the millennial. That leads us to the question on how we can facilitate consumers' access to information on sustainable fashion in

order to foster changes in their consumption patterns.

Having a proper sustainability scoring or labelling system will certainly help enhance consumers' understanding on sustainable products and better enable customers and businesses alike to make smart choices to improve purchasing and sourcing practices. As revealed in the survey by the Fashion Summit, 64 per cent of the respondents agree that sustainability scoring or labelling system will encourage them to purchase sustainable fashion to some extent.

In this respect, the Hong Kong Government encourages and provides funding support to quasi-governmental organisations or non-governmental organisations to collate information on the latest development of various eco-labels and certification schemes, and to establish information platform and consumption guide on sustainable products. Also, to facilitate members of the public and traders to access the latest information pertaining to sustainable consumption of biological resources, the Environment Bureau will develop a webpage as a one-stop shop for information related to this subject, so as to reach out to a wider community real-time. The webpage will provide general information on this subject, including the concept of sustainable consumption of biological resources; enable access to good practice (such as green procurement) guidelines, and supply links to various online materials related to the subject.

In addition, since 2011, the DesignSmart Initiative and CreateSmart Initiative of my Bureau have rendered funding support to the Redress Design Award, previously known as the EcoChic Design Award, to promote sustainable fashion design, groom emerging fashion design talents and provide a platform for exchange of sustainable fashion knowledge and experience in Hong Kong. We believe transparency in information on eco-purchases and availability of a wide range of sustainable fashion design products will facilitate consumers making the right choices.

To conclude, a lot of new steps have been taken in changing towards a circular economy in the fashion trade, production and consumption. But certainly we can do more and better for without a concerted effort, common understanding, and a united front among producers, traders, designers, consumers and regulators, all the above could just be baby steps from a truly sustainable fashion industry. But given the interest, passion and strength that industry leaders around here today, I'm confident that we could march on. Now, without future ado, may I open the floor to our fashion experts to share with us their insights into how to drive the industry towards our common vision.

Thank you very much.