

Sustainable Textiles of the Asian Region (STAR)

Meeting Minutes – November 15th Meeting

Location: Dongguan Yingbin Hotel

<p>STAR Member Attendance (Alphabetical Order):</p> <p>AG (Azizullah Goheer) – PTEA EF (Ehsan Fatullah) - BKMEA JM (Junaid Makda) – PHMA KL (Ken Loo) - TAFTAC LX (Liang Xiaohui) – CNTAC / JZ (Zheng Jian) – CNTAC YY – (Yan Yan) - CNTAC MA (Miran Ali) – BGMEA MH (Muzzammil Hussain) - TMA MT (Mai Tuyet) - VITAS RK (Rosaline Kine) – MGMA</p>	<p>Other Speakers:</p> <p>MB (Marc Beckmann) – GIZ FABRIC Project Director CC (Constantia Chirnside) – (GIZ - Supplier White Papers) LR (Lisa Ramershoven) – (GIZ & STTI, Moderator) TH (Thomas Hesketh – (GIZ, STAR & TAFTAC), Secretariat Coordinator</p>
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1. Meeting Minutes

Meeting Moderators: Lisa Ramershoven, Thomas Hesketh

The STAR and STTI Collaboration Meeting brought together stakeholders in the textile and sustainability industry to discuss the future of the Secretariat, updates on the industry, and a focus on addressing audit fatigue in the GFT sector supply chain.

Opening Speeches

YY, representing CNTAC President Mr. Cheng Dapeng, started the meeting by sharing statistics on the Chinese textile industry over the last three years. Following her speech, MB, the Director of GIZ FABRIC Project, emphasized the importance of the STAR network as a partner of GIZ. He expressed GIZ's commitment to the STAR network and its intention to continue collaborating. Marc also mentioned that regional fabric support would conclude in March 2025, though there could be future support via other GIZ projects with sufficient buy in from the STAR member. MB also expressed interest in seeing the STAR network collaborate with the supplier meetups.

STAR Recap by Thomas Hesketh

Thomas provided a recap of STAR's activities and plans. He highlighted STAR's collaboration with stakeholders, emphasized the Secretariat's timeline, structure, and proposed fees, and discussed the benefits of STAR membership. STAR's activities included rebranding, increased online presence via the Asia Garment Hub, an upcoming audit fatigue position paper, a position paper focused on the promotion of renewable energy in the garment sector, and the development of Country Guide booklets for each STAR member. The STAR x AFTEX collaboration concept was also introduced, focusing on a trade and sustainability summit that strengthens both regional networks of garment associations.

Letter of Agreement for STAR Secretariat Formation

TH presented a Letter of Agreement for the formation of a formalized STAR Secretariat. He outlined the potential role of the secretariat, its potential budget, and budget allocation among STAR members. Discussions also revolved around the formation and commitment of STAR members. TH emphasized that GIZ wants all 9 association members to continue in the STAR network, and can adapt the Letter of Agreement

So far, 8 of 9 association members have signed the letter to establish a more formal secretariat. The next steps will involve editing the terms of the Letter of Agreement so that they can be acceptable for CNTAC, which has its own unique circumstance as a part of the Chinese party.

Discussion on the Future of the Secretariat

This part of the meeting covered various aspects related to the future of the STAR Secretariat. Topics included the location and logistics of the secretariat, its operation, past and future activities, and any other business.

- **Location and Fund Logistics:** Participants engaged in an exchange about the ideal location for the secretariat. MA and EF (Bangladesh) expressed readiness to host and contribute to the secretariat's operation. MH proposed a rotating system where each member country could take turns hosting, allowing for diversity and shared responsibility. TAFTAC suggested that the Secretariat be hosted in one country for a 2–3-year period and put TAFTAC forward as the current and potential future host for the first 2–3-year period.
- **Rotation vs. Permanent Host:** The issue of whether the secretariat should rotate among member countries or have a fixed host at the beginning was debated. JM suggested that China (CN) or Bangladesh (BD) serve as the secretariat location initially, China due to its market size. TAFTAC suggested that hosting duties should not be an annual exercise due to logistical complexities.
- **STAR Coordinators:** TH mentioned that for the Secretariat to function, it would partially rely on STAR Coordinators from each STAR Association who would dedicate a maximum of 1-2 days per month collecting information requested by the Head of STAR Secretariat. There were no objections to this during the meeting.
- **Transition Period for any New Staff and In-Kind Contributions:** TH emphasized the importance of a transition period for the new secretariat staff and that there was the potential for in-kind contributions to ensure a smooth and sustainable transition of responsibilities on the ground. MB from GIZ showed interest in finding suitable forums and exploring the best possible onboarding process for any new staff member potentially onboarded.
- **Budget Allocation and Contribution:** Participants discussed the budget of the STAR Secretariat and how it would be derived from financial contributions. A deliberation took place regarding how these contributions would be allocated among STAR members.
- **Information Sharing:** Participants also discussed the sharing of information between STAR members and what kind of data should be provided by members. Topics ranged from sustainability case studies and export figures to employment, wages, and the actual situation on the ground. Suggestions included sharing productivity data, insights into industrial policies, and hosting conferences and seminars at regional and international levels. The idea of a digital app was proposed to facilitate information exchange and a potential activity that the STAR Network could engage in in the future. TH mentioned that any case studies of sustainability could be shared on the Asia Garment Hub or STAR LinkedIn page.

Addressing Audit Fatigue

Gherzi, a consulting firm specializing in various aspects of the textile industry, addressed the issue of audit fatigue in the GFT sector supply chain. They identified challenges such as complex relationships between buyers and manufacturers, minimum wage concerns, and the cost of audits, which manufacturers often bear. Buyers' preference for tier-1 suppliers was also discussed. The session highlighted the need for social compliance

solutions to alleviate audit fatigue. MA emphasized that its important that any solution put forward in the position paper does not favor initiatives perceived as brand led.

Supplier Meet Ups x STAR Collaboration: This collective, known as the **Fashion Producer Collective**, is self-organized and producer-led, providing a secure space for discussions on fashion sustainability. The primary objective is to amplify producer voices interested in sustainability, enabling them to propose and lead projects. Monthly Supplier Meetups facilitate the sharing of sustainability challenges and feedback. Initiatives include an Apparel Supplier's Guide on sustainability legislation in the EU, US, and UK, exploring the Work in Fashion Act, and developing innovative financing models for decarbonization. Collaboration with STAR offers endorsement opportunities and profile elevation, and the **Fashion Producer Collective warmly invites STAR to take part in its future initiatives.**

2. Industry Updates

Bangladesh (BD):

- Complete minimum wage review with a remarkable 56% growth, particularly in the apparel sector.
- LDC Graduation expected in 2026, with sustainability challenges still prevalent and rooftop solar implementation underway.

Cambodia (KH):

- Facing a 16% decrease in the industry for 2023, with expectations of similar situation in 2024.
- Concerns related to the graduation from the LDC status and GSP+ double transformation.
- Emphasizing the need for training and productivity improvement to counter challenges in the chemical fabric sector and rooftop solar installation.

Myanmar (MY):

- Experiencing a 10% decline in exports, with a target to achieve a 5 billion USD exports in 2023.
- Addressing electricity problems by gradually installing solar panels, especially after an increase in orders from a major brand.

Vietnam (VN):

- Achieving significant growth in worker recruitment with a 12.5% increase, but challenges exist in terms of staff turnover.
- Facing challenges including rising logistic costs and demands for higher human resources.

Pakistan (PK):

- 19.3 billion USD in exports in 2022, around 16 billion in 2023.
- Tackling challenges related to water scarcity, energy price hikes, and chemical management.
- Extending the GSP+ status until 2027 while dealing with political issues that impact industry growth.

China (CN):

- Experiencing a 10% drop in international garment exports amid political stress.
- Rising prominence of Chinese mega brands in the industry such as Shein.
- Implementing sustainable schemes such as the "Family-Friendly Factory" project to attract workers for longer and working towards circularity.

3. Conclusion

The STAR Meeting provided an opportunity to share updates on industry challenges, initiatives, and secretariat plans. There are still hurdles to overcome to approach a formalized secretariat, but the STAR Network has crucial momentum it must not let dissipate.

Next Steps:

- **Audit Fatigue Position Paper underway:**
 - Gherzi will reach out to each STAR Member individually to understand thoughts on the topic, and a consensus position the STAR Members can take.
 - The paper will be developed from November 2023 to March 2024.
 - This will involve 1:1 interviews with each STAR member and focus group discussions with all STAR members.
- **Secretariat Function:**
 - TH to follow up with CNTAC to understand the formats of the STAR Network that CNTAC could endorse, support, or contribute to in-kind.
 - TH to further explore the options of the STAR Secretariat location. The current options put forward are Bangladesh and Cambodia.
 - TH will post sustainability case studies put forward by the STAR Members on various social media channels.
- **Supplier Meet Ups:**
 - TH to follow up with CC and the **Fashion Producer Collective** to understand how STAR and the suppliers can work together. Easy initial options include: the suppliers add their perspective to the STAR audit fatigue position paper, the STAR members support or review the next supplier paper.
- **Proceed With Other Activities:**
 - STAR x AFTEX Collaborations: GIZ x TAFTAC meeting to decide potential agenda for Trade & Sustainability Summit. Timeline: December 2023 to August 2024.
 - STAR Position Paper on Renewable Energy Promulgation: Consultant to be hired from December 2023. Timeline: December 2023 to May 2024.

Press Mentions:

Cambodian Investment Review: <https://cambodiainvestmentreview.com/2023/11/22/china-and-cambodia-collaborate-to-enhance-their-sustainable-garment-industry-bolstering-global-supply-chains-with-cntac-and-giz-fabric-support/>

Press Release: STAR Network Convenes to Chart a Sustainable Path for the Garment Industry

FOR IMMEDIATE RELEASE

[YINGBIN HOTEL, DONNGGUAN CITY, GUANGDONG, CHINA, 15-NOV-2023] – Leading figures from the Sustainable Textiles of the Asian Region (STAR) Network and the Sustainable Terms of Trade Initiative (STTI) gathered for a meeting to chart a part for international collaboration on the future of the textile and garment industry. Held on November 15, 2023, the event set the path forward for the STAR Network, the first inter-Asian network of producer associations focused specifically on sustainability.

The event was hosted by the China National Textile and Apparel Council (CNTAC) and GIZ FABRIC. The conference kicked off with a welcome address by CNTAC Vice President, Mr. Chen Dapeng, and GIZ FABRIC Project Director, Marc Beckmann.

In his opening remarks, Mr. Chen Dapeng stated the importance of global collaboration: *“China’s textile and apparel industry is one of the earliest to implement the ‘Going Global’ policy”,* and that the launch of the STAR Network represented *“a positive implementation of the concept of ‘joint construction and sharing’,* part of China’s wider Belt and Road Initiative. *“It is also a good practice for the Asian textile and garment industry across different cultures, social systems and development stages to build a new framework for international cooperation”,* he added.

A Recap of Achievements: Thomas Hesketh, Head of STAR Secretariat, presented a recap of STAR’s recent developments, including its recent rebranding, participation in the Asia Garment Hub communications platform, upcoming STAR position papers tackling the long-standing industry issue of Audit Fatigue, and the promotion of renewable energy in global garment supply chains, as well as newly developed Country Guides for each STAR member. The workshop also unveiled new events planned with regional entities such as the ASEAN Federation of Textile Exporters (AFTEX) in 2024.

“There are social and environmental challenges in Asian textile and apparel chains across multiple national jurisdictions, as well as supply chain structural imbalances and governance gaps that contribute to these challenges, which should be addressed systematically by the value chain participants with common but differentiated responsibilities. The STAR Network is a timely and collective response to these challenges.” **Mr. Chen Dapeng, Vice-President of CNTAC.**

Exploring the Future of the STAR Secretariat: Participants engaged in a detailed discussion on key aspects of STAR’s future, including the location and logistics of the secretariat, its operations, interactions, and priorities for future initiatives. The STAR Secretariat is currently based in Cambodia, hosted by the Textile, Apparel, Footwear & Travel Goods Association in Cambodia (TAFTAC).

“Since establishment by the GIZ FABRIC program in 2016, the STAR Network has worked hard to forge ties between the 9 STAR associations. There are now strong bonds between members, and willingness to put a joint voice forward on key industry challenges affecting sustainability. With this meeting, we look forward to building on this momentum and further strengthening the STAR Network as a voice for producers.” **Thomas Hesketh, Operational Head of STAR Secretariat.**



Figure 1 STAR Members on the 15th of November STAR & STTI Meeting

The Future of the Sustainable Terms of Trade Initiative (STTI): The afternoon session represented the 10th Working Group Meeting of STTI. STTI is dedicated to promoting ethical purchasing practices in the industry between global brands and manufacturers. STTI represents the first, and flagship initiative launched via the STAR Network. During the STTI session, moderated by Ms. Lisa Ramershoven, Project Manager of STTI, significant progress was reported in Phase 3 of the initiative. This included discussions on grievance mechanisms, partnership agreements, pilot projects with brands to demonstrate the potential for change, governance structure, and increased visibility of the initiative.

The initiatives and buy in from the producer associations come at an important time for the world's garment industry, as brands, suppliers - driven by consumer trends, are under increasing pressure to lower their global footprint.

“The EU has implemented several strategies and legislations that will drive the entire fashion sector to adopt more carbon-neutral and circular methods of production, such as the EU Green Deal under which falls the EU Textile Strategy. These legislations are designed to reduce the environmental impacts of the textile industry by encouraging the use of green technology, sustainable materials, and promoting closed-loop production in supply chains.” **Marc Beckmann, GIZ FABRIC Project Director.**



Figure 2 Opening of the Asian Dialogues Conference, 2023, In Dongguan, China

1. ABOUT:

About the STAR Network

The Sustainable Textiles of the Asian Region (STAR) Network is the first inter-Asian network of producer associations dedicated to driving positive change and innovation in the textile and garment industry. Established in 2016, STAR connects industry players across Asia, fostering dialogue, trust-building, and the exchange of best practices to promote sustainability and shape a brighter future. The STAR Network is made up of 9 leading associations from 6 countries, and their respective representatives:

Country	Association	Full Name	Representative
Bangladesh	BGMEA	Bangladesh Garment Manufacturers and Exporters Association	Mr. Miran Ali
Bangladesh	BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association	Mr. Ehsan Fazlee Shamim
Cambodia	TAFTAC	Textile, Apparel, Footwear & Travel Goods Association in Cambodia	Mr. Ken Loo
China	CNTAC	China National Textile and Apparel Council	Dr. Liang Xiaohui

Country	Association	Full Name	Representative
Myanmar	MGMA	Myanmar Garment Manufacturers Association	Mrs. Khine Khine Niew (Rosaline)
Pakistan	PHMA	Pakistan Hosiery Manufacturers & Exporters Association	Mr. Junaid Esmail Makda
Pakistan	PTEA	Pakistan Textile Exporters Association	Mr. Azizullah Goheer
Pakistan	TMA	Towel Manufacturers Association of Pakistan	Mr. Muhammad Muzzammil Hussain
Vietnam	VITAS	Vietnam Textile and Apparel Association	Ms. Mai Tu Yet

About STTI

The Sustainable Terms of Trade Initiative (STTI) is a collaborative platform for actors in the textile and garment sector. STTI is dedicated to promoting ethical purchasing practices in the industry. STTI represents the first, and flagship initiative launched via the STAR Network.

About CNTAC

The China National Textile and Apparel Council (CNTAC) is a leading voice in the global textile and apparel industry. CNTAC is committed to advancing the industry's sustainable development and promoting innovation and collaboration among industry stakeholders.

About GIZ FABRIC

GIZ FABRIC is a project by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. It aims to strengthen sustainable and responsible production in the textile and garment sector by fostering partnerships, knowledge sharing, and capacity building.

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Opening Remarks: Marc Beckmann

Asian Dialogues Conference

Role of Collaboration on Green Development Based on German and EU Legislative Requirements

Venue: Furong Hall, Dongguan, China

- Respected Ms. Yan Yan, Director of the Office for Social Responsibility, CNTAC;
- Respected representatives of CNTAC;
- Respected partners from the STAR Network;
- Distinguished speakers and guests at today's Asian Dialogues Conference;
- A very good morning to you all –

I am honored to welcome you to the 13th "Asian Dialogues Conference for Sustainable Production" today. On behalf of the GIZ FABRIC project, I would like to express my sincere appreciation to our partners at CNTAC and to the organizers of the Global Apparel Conference, who supported us through every step of this event.

The mission of GIZ FABRIC Asia regional project is to connect decision makers of the Asian garment and textile industries to support the transformation towards fair production for people and the environment through knowledge transfer & cooperation. The project includes Bangladesh, Cambodia, China, Myanmar, Pakistan, and Vietnam.

To promote sustainability across the textile supply chain and among countries, FABRIC works as a think tank to facilitate regional exchange and learnings. FABRIC has established the first inter-Asian network of producers' associations, the STAR Network. Among others, the STAR network launched the Sustainable Terms of Trade Initiative (STTI) for a more balanced commercial relation between buyers and suppliers in the textile and garment industry, now joined by 13 producing associations. Also worth mentioning is the Asia Garment Hub a knowledge platform that makes learnings and information on sustainability in the sector accessible.

Furthermore, the cooperation resulted in the conference series "Asian Dialogues on Sustainable Production in the Textile and Garment Industry". This conference series brings together representatives from all sides of the supply chain across Asia – including brands, producers, civil society, associations, and technical experts. Since 2015, the conference has provided around 9000 participants an opportunity to discuss their experiences of sustainable production issues and learn about initiatives in other countries.

This year, we are excited to organize our conference in China – one of the largest and most important stakeholders in the textile industry – and one that has demonstrated significant leaps and innovations in terms of sustainable manufacturing of textiles and garments. Thus, we are honored to be part of the Global Apparel Conference, which is taking place in Dongguan – an apparel manufacturing hub with an impressive history – to promote conversations about increased environmental and social sustainability in the light of upcoming EU and German legislations.

As most of us are aware, the EU has implemented several strategies and legislations that will drive the entire fashion sector to adopt more carbon-neutral and circular methods of production, such as the EU Green Deal under which falls the EU Textile Strategy. These legislations are designed to reduce the

environmental impacts of the textile industry by encouraging the use of green technology, sustainable materials, and promoting closed-loop production in supply chains.

As the German development cooperation, we want to support this transition among producers in the Asian region through supporting regional knowledge exchange. This year's theme of "Role of Collaboration on Green Development Based on German and EU Legislative Requirements" will discuss conversations in the areas of circularity and decarbonization financing – the two upcoming areas that will play the biggest role in the coming days, and around which there are numerous opportunities for collaboration.

We hope today will be an opportunity to identify success stories from our wide network across Asia, and to learn from technical experts working in the field but also openly discuss the challenges that the new legislations might imply. The Dialogues will foster discussions among a diverse group of stakeholders to bring to light some of the areas where collaborative action can support the EU's and Asian producer countries' sustainability goals. I would like to thank you all for your presence today – including those joining us in Guangdong and those online.

Thank you.

Welcome Address by Mr. Chen Dapeng, Vice President of CNTAC, at the STAR/STTI

Meetings in Humen, China, Nov. 15th, 2023

Distinguished representatives of the National Associations of the Sustainable Textile Industry Network in Asia (STAR), colleagues and friends, First of all, as the representative of the host, let me formally welcome you all back to China seven years after the establishment of the STAR Network and thank you for your excellent efforts in the development of the STAR Network over the years!

As you may know, this year marks the 10th anniversary of the Belt and Road Initiative, and not long ago, we held the 3rd Belt and Road Summit Forum on International Cooperation in Beijing. In his keynote speech at the Summit Forum, President Xi Jinping pointed out that the construction of the Belt and Road Initiative adheres to the principle of "common cause, common construction and sharing", which has transcended the differences in civilisations, cultures, social systems and stages of development, opened up new paths of interaction among countries, establishes a new framework for international cooperation, and brought together the greatest common denominator for the common development of humankind.

In 2016, all of you and CNTAC jointly signed the "Declaration on Regional Cooperation and Governance for Responsible Supply Chain in the Asian Textile and Apparel Industry" and jointly launched the "Sustainable Textile Network in Asia", which is a positive implementation of the concept of "joint construction and sharing" of the BRI. It is also a good practice for the Asian textile and garment industry across different cultures, social systems and development stages to build a new framework for international cooperation. China's textile and apparel industry is one of the earliest industries in China to implement the "Going Global" policy. With the gradual deepening of the "Belt and Road"

initiative and the promotion of the industry's task of building a strong textile country, strengthening the optimal allocation of global resources and industrial layout has become an important channel for China's textile industry to expand its scale, build a new advantage in international competition, and make full use of the two international and domestic markets and two kinds of resources. In 2022, although the industry's foreign investment was greatly affected by the epidemic, the industry's total outward direct investment for the year also exceeded \$700 million. Actually, since 2010, the proportion of China's textile and apparel industry's outward investment in the manufacturing industry has basically remained stable in the 7%-9% range. It is worth mentioning here that the various participating countries of the STAR network

are also the most important overseas investment destinations and trading partners of China's textile and apparel industry. In this process, we encourage Chinese enterprises to bring capital, technology, employment, management talent and ideas to their investment host countries and trading partners while also helping promote local industrialisation and better integration into globalisation, and laying the foundation and creating the conditions for achieving the goal of sustainable development locally. Our joint efforts have now given Asia an irreplaceable position in the global textile and apparel supply chain and great potential for development. On the other hand, there are social and environmental challenges in Asian textile and apparel supply chains across multiple national jurisdictions, as well as supply chain structural imbalances and governance gaps that contribute to these challenges, which should be addressed systematically by the global textile and apparel value chain participants with common but differentiated responsibilities. The STAR Network is a timely and collective response to these challenges!

As the first regional consortium of textile and apparel producer organisations in Asia, the STAR Network's mission is for its members to share information in the area of sustainability through the establishment of a web-based platform, to increase transparency in the textile and apparel industry, and to address common sustainability issues in all countries through innovative initiatives. Since the establishment of the STAR Network, we have exchanged information on the current status of development of our respective industries through a series of seminars and mutual visits, and have conducted thorough communication and in-depth discussions on specific topics to promote a better understanding of the various topics within and outside the industry, in order to collaborate in shaping the long-term sustainability of the industry. In particular, in 2020, the COVID pandemic swept across the globe and had a severe impact on the Asian textile and apparel supply chain. In April 2020, the STAR Network released the joint statement on the implementation of responsible sourcing practices during the crisis, which received widespread attention and active support from the international community and contributed significantly to the international discussion on responsible sourcing practices in building resilient supply chains.

Building on this, in January 2021, the STAR Network officially launched the Sustainable Terms of Trade Initiative (STTI), with the goal of improving sourcing practices in the apparel industry, which is important and unique because it is the first time that manufacturers in the global apparel and textile industry have taken the initiative to drive change and create improvements across the entire industry on a global scale. Now supported by a number of international organisations, this important initiative has become the baseline

standard and common understanding for the global textile and apparel industry to advance sustainable sourcing practices, and defines the improved sourcing practices that manufacturers around the world are most eager to see. Not long ago, STTI was awarded the ITMF 2023 International Cooperation Award at the annual ITMF conference in Keqiao, Shaoxing! These are prominent recognition of the STAR Network's philosophy of building consensus, working closely together, and coordinating actions to catalyse change, and reflect more of what is expected of the STAR Network!

Therefore, I hope that the STAR Network will be more dynamic, ambitious and strategic. On the one hand, we support the STAR Network to develop in a more compact and organised direction, and to establish a more effective working mechanism and work plan for this purpose; on the other hand, we also hope that the STAR Network can uphold the spirit of openness and inclusiveness, and bring in more partners and more external resources to support the long-term, sustainable and high-quality operation of the STAR Network. Finally, let me wish this conference a success, and also wish all delegates a happy and fulfilling week in Humen!

Thank you all