



Investing in a Sustainable Future

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The Big Question

What matters more in fashion: Environmental Values or Consumer Costs?

In today's interconnected global economy, every piece of clothing tells a story that extends far beyond design and aesthetics. Behind the affordable price tags of fast fashion lies a complex web of environmental degradation, labour exploitation, and human rights violations that span continents. As governments worldwide consider implementing import taxes on apparel from countries with weaker environmental, social, and human rights standards, consumers face a fundamental question: Would you support a policy that raises clothing prices by 10% to enforce ethical standards?

This dilemma represents more than just a policy debate; it embodies the tension between our moral aspirations and economic realities. The fast fashion industry, now valued at \$150.82 billion and growing at 10.74% from 2024 and is further estimated to reach \$291.1 billion by 2032 has created an ecosystem where the true costs of production are externalized to vulnerable communities and ecosystems. As we examine this critical juncture, the question becomes not whether ethics have a price, but whether we're willing to pay it.

The Economic Framework of Moral Decision: When nations propose raising tariffs on clothing from countries with poor environmental and social practices, they create what economists call a "moral cost internalization mechanism." These policies aim to:



However, consumer behaviour research reveals a critical threshold effect. While initial support for ethical policies often appears strong in surveys, actual purchasing decisions frequently diverge from stated values when faced with direct cost increases. Economic studies demonstrate that consumer support for ethical trade policies typically drops significantly when personal costs rise beyond a baseline threshold precisely the range where meaningful impact occurs.

Technical Policy Mechanisms and their Implementation:

Modern trade policy employs sophisticated mechanisms to address ethical concerns in global supply chains:



Global Case Studies:

China – Forced Labor in Fashion: Forced labour in Xinjiang has disrupted global fashion supply chains, with about one in five cotton garments potentially linked to such practices. Brands are reassessing sourcing strategies to ensure ethical compliance, highlighting operational and ethical challenges.

France – Eco-Tax on Ultra-Fast Fashion (2025–2030): From 2025, ultra-fast fashion items in France will carry a €5–€10 surcharge (capped at 50%) with penalties for non-compliant retailers. Revenue funds sustainable fashion initiatives, raising prices, curbing overconsumption, and encouraging greener practices.



Bangladesh – The Rana Plaza Legacy: The 2013 Rana Plaza collapse, which killed 1,138 workers, led to the Bangladesh Accord on Fire and Building Safety, conducting over 56,000 inspections across 2,400 factories and addressing 140,000+ safety issues. Despite improvements, protests over living wages show ongoing economic pressures.

The Environmental Dimension: Fast Fashion's True Cost: The fashion industry's environmental impact reveals the urgency of reform. Current statistics paint a stark picture:



These hidden costs, borne by society and the environment, aren't reflected in retail prices. Internalizing them through carbon pricing and tariffs could raise clothing prices by 15% – 25%, aligning them with true production costs.

Circular Economy Solutions: Building Sustainable Systems: The shift to circular fashion is both a challenge and a growing market opportunity, expected to reach \$13.94 billion by 2032 at a 9% annual growth rate. Key drivers include:

Focus Area	Key Stats	Impact
Technological Innovation	<1% of fibres currently recycled into new textiles	Recycling tech is scaling but still early-stage
Business Model Evolution	Rental, resale, remanufacturing models - \$700B by 2030	Will make up 23% of global fashion market
Policy Support	EU's EPR & Eco-design Regulation	Mandates circular design and producer accountability

Resolution Strategies: Multi-Stakeholder Approaches

Addressing the ethics-economics dilemma requires coordinated action across multiple levels:

- ❖ **International Cooperation:** Global coordination prevents regulatory loopholes and upholds ethical standards.
- ❖ **Consumer Education:** Awareness campaigns empower informed consumer choices.
- ❖ **Corporate Leadership:** Brands can adopt transparency technologies and ethical practices.
- ❖ **Policy Innovation:** Governments can implement smart tariffs to promote sustainability.

The Road Ahead: Balancing Values with Reality: Ethical fashion highlights the wider challenge of sustainable development: while people support ethical choices in theory, price sensitivity often limits action. Successful policies must:

- ❖ Introduce gradual pricing increases
- ❖ Offer ethical options at multiple price points
- ❖ Clearly communicate the value of sustainable practices
- ❖ Combine incentives with penalties to drive change

New regulations like Carbon Border Adjustment Mechanism (CBAM) and Corporate Sustainability Due Diligence Directive (CSDDD) show that external pressure is mounting. Brands that lead on sustainability today may gain a future edge.

Fast fashion hides real costs paid by workers, ecosystems, and communities. Economic models suggest that meaningful reform requires 10 – 15% price increases, right at the point where consumer support tends to decline. Still, with smart policies, innovation, and evolving business models, it's possible to align ethics with economics.

Smart & Sustainable Clothing Tips



Cleaning: Old shirts, sheets, or towels can be cut into rags for dusting, wiping, mopping, or other household cleaning tasks.



Home Wear: Slightly worn clothes can be reused as comfy lounge or sleepwear, turned into durable aprons for cooking or gardening, and made into reusable tote bags from old shirts, bedsheets, or denim.



Donate/Swap: Gently used clothes can be given to charities, swapped with others, or sold online or in thrift stores.

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