



Unlocking next markets for recycled clothing textiles

Seamless position paper

In a circular clothing economy, next markets for recycled clothing textiles create the demand needed to close the loop, transforming waste into a valuable resource and keeping materials in productive use.

The ['Next Markets for Unwearable Clothing Textiles'](#) report provides the first systemic assessment of next markets for unwearable clothing textiles in Australia. It identifies where next markets already exist, where they are emerging, and what conditions are required to make them commercially viable and capable of diverting significant volumes of clothing worn by Australians from landfill.

The report demonstrates that building collection and recycling systems alone will not deliver a circular clothing economy. Strong and reliable demand for recycled clothing textiles is fundamental. The findings reinforce the need to accelerate next market development, identify mechanisms to create stronger demand and establish the conditions that can support investment in Australia's clothing textiles recycling ecosystem.

Why this research matters

Seamless partnered with Rawtec to undertake research into Australia's next markets for unwearable clothing textiles as part of a broader program funded by the Australian Government to support a coordinated national clothing collection, sorting, reuse and recycling system.

As the first study of its kind in Australia, the report provides a valuable evidence base for:

- Governments seeking to establish procurement policies for uniforms and the built environment.
- Clothing producers looking for solutions to address waste and manage products at end of life.
- Domestic recyclers and resource recovery operators seeking to strengthen the business case for investment in textile recovery and recycling.

The findings also support Seamless' ongoing advocacy for the policy, regulatory and market development measures needed to accelerate Australia's transition to a circular clothing economy.

Research findings

Key findings from the report include:

- Australia currently has the capacity to recycle approximately 22,000 tonnes of unwearable clothing each year and recover energy from a further 64,000 tonnes, totalling 86,000 tonnes annually. Realising this capacity could reduce the volume of clothing sent to landfill by around 40% each year.
- No single recycling technology or next market solution can address the scale and complexity of unwearable clothing waste. A functional national system will require a mix of both open-loop and closed-loop recycling solutions.
- Energy recovery will be an important transitional solution for residual unwearable clothing textiles. This is where unwearable clothing is used to generate heat, steam or electricity under controlled industrial processes. This process captures value that would otherwise be lost to landfill and provides a high-volume pathway for low-grade materials that are not suitable for recycling.
- In Australia, next markets for recycled clothing textiles are still under developed. Recyclers identified clothing material complexity, recycling costs and a lack of clear demand for recycled textile content as key barriers to investment.
- Significant opportunities exist for procurement policies, particularly in uniforms and the built environment, to create demand for Australian recycled textile content and stimulate investment in local recycling capacity and circular product design.

Seamless position

Creating strong and sustainable next markets for recycled clothing textiles is essential for Australia's circular clothing economy. Growing demand for recycled textile products, supporting long term market development, leveraging leadership from producers and implementing supportive procurement policies are required to unlock investment, scale domestic recycling infrastructure and keep valuable materials in use.

The following summarises the Seamless position on next markets for unwearable clothing textiles.

1. Establishing next market demand is fundamental

An effective national post-consumer clothing system depends on creating strong demand for products made with recycled content. While the objective is to reduce the use of virgin materials, demand for recycled content is the key driver of investment in domestic recycling infrastructure and next market development.

Evidence from the '[Pilot data and outcomes](#)' report shows that collection is not Australia's primary challenge. Channels exist and public willingness to participate in trusted clothing collection systems is high. As a result, collection volumes can scale quickly.

The greater challenge is expanding clothing sorting, recycling and remanufacturing capacity, while building reliable demand for the products made from recycled textile outputs.

While many international circular economy schemes have focused first on collection infrastructure, Seamless will focus on next market development for recycled textiles as a critical starting point in Australia.

2. Long term planning is needed for market development

New next markets for recycled clothing textiles will continue to emerge as technologies mature, costs fall and circular business models scale.

Seamless supports a horizon-planning approach that starts with current viable recycling technologies and available markets, while progressively building the partnerships and capability needed for higher-value, closed-loop applications.

This means prioritising near-term market development while creating the conditions for fibre-to-fibre recycling to become commercially viable at scale through targeted investment, supportive policy settings and industry collaboration.

Consumer awareness and demand will also be critical. Australians need greater understanding of the environmental impacts of clothing and increased confidence in products made from recycled textiles, alongside greater participation in clothing reuse, repair, resale and rental models.

3. Clothing producers have a role in driving next market demand

Clothing producers play a direct role in developing next markets for recycled textile content and influencing circular supply chains, product standards and performance criteria for recycled materials.

This includes investing in research and development to improve the performance and cost competitiveness of recycled clothing textiles, and entering offtake agreements with domestic recyclers to provide the commercial certainty needed to attract investment.

Clothing brands can increase demand for recycled textiles by procuring recycled content for use in their products. They can also expand adoption by using recycled insulation in retail fit-outs, commercial buildings and warehouses, or by specifying these materials in assets they do not own. Diversified businesses have further opportunities to support next markets by retailing products made from recycled clothing textiles across their broader operations, including rags, insulation and textile boards.

4. Government procurement can grow next markets

Government procurement plays an important and well-established role in creating demand for priority products and services, including products made from recycled content.

By specifying recycled textile content in uniforms, buildings, retail fit-outs and public infrastructure projects, governments can create reliable demand. This sends a clear signal to industry, reduces investment risk and helps unlock private capital for recycling infrastructure.

Through clear specifications and long-term contracts, government procurement can help ensure recycled textiles have a viable end market, support local industry development and accelerate Australia's transition to a circular clothing economy.

Next steps

The ['Evidence for Change'](#) report outlines four recommendations to build momentum now, while we transition to a mandatory, nationally coordinated stewardship scheme to address clothing waste and enable a circular clothing economy.



Figure 1: Summary of recommendations from 'Evidence for change' report.

Recommendation two is to undertake collaborative research and development, funded by clothing producers, to develop and commercialise Australian next markets for recycled clothing textiles.

Undertake collaborative research and development

Recommendation two calls on high-volume clothing producers that are not currently contributing to the Seamless scheme to participate in a pooled, long-term investment model for research, innovation and market development. This provides an alternative pathway to be part of the solution through engagement with Seamless ahead of mandatory reporting requirements and regulated participation by 2029.

Establish a market development working group

A dedicated market development working group will help drive practical actions to achieve this recommendation. The group's role will include refining shared terminology, developing draft product standards and preparing guidance to support public and private procurement of recycled textile content.

Members may also oversee product trials coordinated through Seamless, that enable recycled textile products to be tested in workplace settings. User feedback and performance data would then help inform future procurement specifications and performance-based contracts.

A dedicated research reference subgroup would help clothing producers identify commercially relevant research opportunities that can be translated into new products, procurement requirements and future offtake opportunities. This approach would help producers to reduce investment risk, influence the research agenda and support scalable circular textile solutions beyond 2035.

Establish an Innovation Advisory Board

Once research investment is secured, a formal governance structure will be established.

An Innovation Advisory Board, comprising contributing producers, will oversee research investments and applied outcomes and report directly to the Seamless Board.

As a transition broker, Seamless will bring together clothing producers, recyclers, procurers, peak bodies and technical experts to support product testing, market validation, staged procurement commitments and price-parity mechanisms that help move recycled textile products from proof-of-concept to commercial markets.

Unlocking the value of recycled textiles

Australia has a significant opportunity to build the next markets needed to keep clothing textiles in circulation and out of landfill. Realising this opportunity will require coordinated action from industry, government and investors to strengthen demand, support innovation and create the conditions for market growth. By working together now, we can accelerate the development of a circular clothing economy that delivers environmental, economic and social benefits for Australia.