THE COFFEE OF THE SECRETARY-GENERAL

Javier Goyeneche

19 October 2016
THE COFFEES OF THE SECRETARY-GENERAL

Bringing New Perspectives to the OECD
Short Bio
Javier Goyeneche

Born in Madrid, Javier studied in Spain, London and Paris, while also taking part in top international equestrian competitions. He received his degree in Business Administration from the European Business School and continued with post-graduate work in International Marketing Strategies at Northwestern University in Chicago.

In 1995, he founded Fun & Basics, specializing in contemporary fashion handbags and accessories. Within 10 years, Javier grew the business to 350 points of sale and 70 branded retail stores. His accomplishments were recognized by the industry when he was awarded Best Young Entrepreneur of Madrid in 2005.

Although he achieved tremendous success with Fun & Basics, Javier gradually grew frustrated with the amount of waste he saw being produced by the fashion industry. He embarked on a mission to create an entirely new concept that would combine his design sensibility and understanding of the fashion consumer with the latest in recycled materials. In 2012 he launched ECOALF, named after his son Alfredo.

Under his leadership, the company has grown steadily and now produces a full lifestyle collection of outerwear, swimwear, casual apparel, shoes and accessories. Javier has strategically expanded ECOALF’s distribution to include many of the world’s most prestigious department stores and specialty retailers. In 2012, he oversaw the opening of an integrated ECOALF concept store, showroom and office in Madrid. Most recently Ecoalf has made collaborations with companies like Apple, Swatch, Coolhunting, Coca-Cola and Will-i-am, Barneys NY.

Twitter: @ECOALF

Facebook: www.facebook.com/ECOALF
Thank you for the invitation, I am very honoured to be here. ECOALF is a small and young Spanish company. It was born with the idea of creating a truly sustainable fashion company. I thought that the most sustainable thing to do was to not use natural resources, so we focused on recycling – to create a new generation of recycled products with the same quality and design of the best non-recycled products. In this way we could demonstrate that there is no need to keep on digging deeper and deeper to get petrol; but to instead transform what other people call waste into amazing products. So ECOALF’s vision and mission are to stop using natural resources.

Before talking about the company, let me give you a few details of what is going on because sometimes we do not stop and realise what is happening. Over 500,000 million plastic bags are used every year. The problem is that nearly 60% of them have a useful time lifespan of less than 30 minutes. In addition, 650,000 tonnes of plastic fishing nets are left at the bottom of the oceans. Unfortunately fishermen have to change their nets every 5 or 6 years and they have to pay to leave those nets in the ports. The nets however are often very big, sometimes 1km long, there is no space in the ports and fishermen do not want to pay. So they are thrown in the ocean and as a result they are creating a lot of damage, particularly to marine life. In addition, 85,000 tonnes of electronic waste is generated every year and this number is growing rapidly. We used to have 1 or 2 electronic devices and now we have 5 or 6.

This waste is growing and it is very difficult to recycle. A crystal bottle will last 700 years in the ocean, a plastic bottle over 450 years and an aluminium can over 200 years. That means that when we throw something away, our grand granddaughter will probably see it!

1 The original transcript of the presentation by Javier Goyeneche has undergone minor editing to ensure that the text published in this brochure is presented in a reader-friendly format.
About a year ago I received a call from a lady working for the plastic lobby, who was quite upset with me. She told me that I spoke very badly about plastic. I told her I do not speak bad about plastic, but about its use. The problem lies with certain products like plastic cups. People go to the gym and use 5-6 plastic cups while training and do not realise that that is creating a lot of damage. In some supermarkets we use plastic packaging for fruit and natural products. I see this a lot in the United States. It seems we are too lazy to peel the fruit and so it is peeled for us and packaged in plastic!

We have this sensation that when we throw something away, it is picked up – and that is true for countries where large waste management organisations operate like here in France, in Germany, in the United States and in Spain. But 200 million plastic bottles are not collected every year around the world. If you visit places like India and Southeast Asia, a lot of that waste ends up where it is not supposed to be, in the oceans. We speak about ocean gyres, places where plastic is getting stuck because of the currents - there are already 7 in existence. An additional problem is that this plastic is micro plastic and it is being eaten by fish. A recent study estimated that in the US, 32% of fish ready for human consumption contained plastic and that number is growing. In September of this year I was invited to speak at an ocean conference in Washington where it was repeatedly stated that if there is no change by 2050, there will be more plastic than fish in the oceans. To provide a perspective: 40% of coral has disappeared in the last 25 years; we are seeing mountains of waste fall in the sea in Beirut, and plastic wash up in places like Hawaii and in Los Angeles – supposedly the most sustainable city in the US. There is waste on Everest where there is no human life, 7,000 meters above sea level – we are the only animal on earth that creates waste that cannot be absorbed by the planet in a natural way. This is the overall truth!

Let me now talk about ECOALF. We basically started out wanting to do something about this situation and asked ourselves ‘how can we start working with that waste?’ Waste is only waste if you waste it. But we have to think of waste as something that has value.

So what do we recycle at ECOALF? We recycle discarded fishing nets, and a big percentage of those nets are made of nylon 6 (the best quality nylon you can get in the world); plastic bottles; used tyres; post-consumer coffee; post-industrial cotton; and post-industrial wool. In the past three years, we have developed over 98 different recycled fabrics which are exactly the same to the touch as a normal fabric that comes from oil. We basically need 70 bottles to create 1 meter of fabric, and one of our jackets needs 80 bottles to be made.

Regarding used tyres, this is a project that we started in Spain to create flip-flops. It may seem quite simple to create them but in fact we developed a 2-year R&D programme – which received 3-4 innovation prizes – and we tried over 20 different types of tyres but its development only worked with one particular tyre which came from a lorry.
The tyre was converted into powder and then it was bound together by heat – we used no conglomerates and no glue. This was in fact another big project that we developed with a technological shoemaking centre located in northern Spain.

We also have an agreement with a large coffee chain in Thailand. We collect coffee leftovers every morning. They are dried, converted into powder and mixed with plastic polymers. Coffee is amazing, it has many natural properties – it is fast-drying, it has odour control and UV protection. We have been able to make a lot of fabrics from coffee. Timberland is actually using it for most of its boot liners.

As I mentioned, a large number of discarded nets are made of nylon 6 polyamide. There are in fact 7 chemical steps to create one of our fabrics from an old fishing net; from petrol to the same fabric it would take 17 chemical steps. And because our steps are fewer, we save a lot in terms of water, energy and emissions.

The most difficult thing we recycle is in fact cotton. We basically receive leftovers from factories and consumers. We put all the cotton together, mix it and separate the colours, then we cut it up and get a short, uneven and unstable thread. It is very difficult to work with. Everyone speaks about organic cotton, but to me that has the same problem as virgin cotton – it is water intensive. You need around 2,500 litres of water for every kilogramme of cotton you produce. You have probably read about natural disasters because of cotton plantations. One example is the Aral Sea which dried out in only 2 years when the Russians decided to provide water to the cotton plantations in Kazakhstan.
The good thing about recycling cotton is that it is a mechanical process using zero water. We just produced the uniforms for the Swatch group and its 5,000 stores around the world and we saved millions of litres of water. We produced a quality fabric made of 80% recycled and 20% virgin cotton; we in fact saved 80% of 2,500 litres per kilogramme – a big save!

Let me now turn to our most ambitious project ‘Upcycling the oceans’. This idea was born after I went on a fishing trip with a fisherman. He wanted me to witness how much waste gets caught in his finishing nets. So we decided to put this trial project into practice on the east coast of Spain, in Alicante, Valencia and Castellon. All the fishermen agreed to participate and we placed plastic containers in the ports where they could put all the waste they caught in their nets. The slide on page 7 shows how we collect the waste every 10 days and the full cycle until we create our products. By the summer of 2017 we will be working with over 50 ports, over 900 boats and over 4,000 fishermen involved across the whole of the coast of Spain from Girona to Huelva. Two weeks ago we also signed an agreement with the government of Thailand to replicate the project there in Phuket, Ko Samui and other areas which have a lot of plastic.

More importantly, we are now starting the second phase of this project called ‘upcycling the rivers’. Our aim is to prevent plastic from entering the oceans in the first place. Basically, we know that 8 million tonnes of trash enters the oceans every year. But 80% of this trash comes from land and only 20% is actually thrown into the ocean. So we aim to collect the plastic before it enters the oceans and is converted into microplastic. Hopefully we will be able to make trials in Spain if we are provided with the necessary support. We are designing nets that will collect the trash from the surface and allow the fish to pass below.

To end, let me say that in the past 18 months we have made a number of important collaborations with big companies including Apple US, Barneys New York, Starbucks in their flagship store in Seattle, Goop, Good Hunting and Will.i.am among others. Lastly, let me point out that our flagship store in Spain is completely recycled. Thank you.
QUESTION AND ANSWER SESSION:

You are someone who is dealing with the results of policy decisions and incentives. Are there enough incentives for a company like ECOALF that is trying to make a big effort to turn waste into sustainable fashion? Are you being helped by the system?

Javier Goyeneche: Unfortunately we have not been helped by any administration so far, in any form of tax breaks or incentives. We often talk about how we can incentivise companies to do things in a different way. It would be great for companies starting out and doing similar things to be getting tax deductions or financing. We tried getting funding both in Spain and in Europe but nothing happened so all the funding was raised privately.

Institutions can do a lot to help young companies. For example local governments could say we want our uniforms to be made from sustainable fabrics – this is just one point that could be considered. In Spain at least, sustainability is unfortunately not on the agenda and it has never been as far as I’m aware. In the past year and a half the government talks about corruption, about the economy, unemployment, but not about sustainability. This is a paradox as it is a country that relies a lot on tourism and unfortunately we keep destroying our coasts, our oceans, we burn almost 40,000 acres of forests every year, and it seems that it does not matter. I think that there is so much to do and so little has been done. It is very sad.
You said you have had no tax breaks nor subsidies, but you have been able to make it work, which is good news. Could you elaborate on how you make this business model work? Your presentation makes me think about another ‘Coffees of the Secretary-General’ series that we had with Mr Boyan Slat, the young guy who is trying to clean the oceans and he had a problem about what to do with all the plastic he collects. So it seems to me that you and him could work together.

Javier Goyeneche: At the end of the day we are a fashion company, so it depends on how many down jackets we sell. I’m the first person who will not buy clothes that I do not like, even though the idea behind them may be a good one. Fortunately we have designs that people like, so we are selling. We are starting to be profitable this year. In addition, fashion gives you a little bit of elasticity with the price, so even though our processes are much more expensive than simply coming here to Paris and buying a fabric, we can position ourselves a little higher.

To be honest, I would like to create a fashion brand which is as affordable as possible because normally sustainable products are not affordable; for example, electric cars and organic food. Our t-shirts are 25 euros, our jackets range from 150 euros to 400 euros, sneakers are 70 euros – so we are not that expensive, but we would like to be even less. But we need greater volume to reach that goal and that is what we are working on right now. We will be launching a filament in the Paris Premiere Vision show which is 100% recycled from the ocean and we will begin our B to B business – we have made a partnership with two very important companies in Spain Antex and Textil Santanderina. Hopefully, this additional business line will help us grow more.

Regarding Boyan Slat, I am a big admirer of his work, I think what he is doing is amazing and we could work a lot together – close the circle and create a circular economy. We are trying to make the connection and the OECD is helping us do that.
Your business model provides a public good – cleaning the oceans – and that part should require some public financing. But the impressive fact is that you are breaking even and even becoming profitable in the absence of this financing. Are you planning to scale up your business model by engaging more in joint ventures, in franchising or other possibilities?

Javier Goyeneche: Scalability is not a problem because it is about waste and we have a lot of it, both in the oceans and on the land. Our main aim is to grow as a fashion company and in order to grow, fashion companies need money. It is expensive to open shops and to acquire talent. But I think our business model is very scalable, we could obviously replicate our model around the south of France, Italy and North Africa.
How is it possible to use these plastics not only to create upmarket products but also in other areas? For example, Tesla began very much upmarket and now it is developing downmarket.

**Javier Goyeneche:** We now have a partnership in Spain with EcoEmbes who own all the plastic bins in the streets. The idea is that once all the waste we get from the coasts is separated, we provide to other companies what we do not need, such as glass, polypropylene and aluminium. In this way, other companies can buy them and do other innovative projects with them.

I had a meeting with Coca-Cola a few days ago and proposed that instead of using all those horrible plastic chairs that we see around Spain, why don’t we recycle aluminium from the cans that we find in the oceans to make something nicer, a typical art director chair for example. So there are many ways to create products. Unfortunately the plastic chair is probably cheaper to make and that is of course a big issue.

Many big companies do not change because their investors and CEOs do not allow them to change. Most companies today have very short profit objectives, either 6 months or 1 year. The real opportunities lie with new companies that can focus and be born with different philosophies.

**Have you been using existing technologies that companies can use or are you pushing the technology frontier?**

**Javier Goyeneche:** Both. ECOALF has not invented recycling and we do not build facilities, we work with people who are already doing the recycling. In terms of the ocean project, we have pushed our R&D very far; to create our fabrics, we need a very good level of polymer, we need a level of contamination per particle below 40 and what we see in the ocean is above 300 because the sea, the salt and the sun and time all damage the plastic. So we had to work intensively to acquire a polymer of the quality that we needed. Regarding the
The Coffees of the Secretary-General: Javier Goyeneche

... filament that we want to launch, we don’t just want to put another ordinary filament out there in the market. Apart from it being recycled, we also want it to be the first filament that does not shed micro-filaments when it is washed. This is a big problem with clothes, a polar jersey for example, sheds over 9,000 microfilaments every time it is washed – these go through the water and end up in the oceans. So we use existing technologies and invest in improving them.

Do you have a store in Paris?

Javier Goyeneche: We only sell in one store in Paris, it is called Merci. We have distributors in 6 countries in Europe but not yet in France.

Do you reach out to business schools and universities to talk about your business model?

Javier Goyeneche: Sometimes we are invited to speak. I am not sure that MBAs cover these issues very much, but they should. I think we live in a very competitive world and we are very much profit driven. When we started our company, it was very uncertain, we didn’t even know what kinds of fabrics we would be able to create. But now we will be presenting in shows in Florence, in New York and in Berlin. We will present 35 new amazing fabrics. Fortunately, we have had the luck to get investors who believe in what we are doing and the patience to make it happen.

Next year the OECD’s Green Growth and Sustainable Development Forum will be focusing on the blue economy and the oceans. Obviously your topic and your business will be extremely important for the Forum’s participants who are usually policy makers, scholars and businesses. It would be very interesting if you could honour us with your presence.

Javier Goyeneche: Thank you the honour will be mine.

You mentioned that it is very costly and difficult to get a high quality polymer from the sea. Would it help if we had better policies that would affect the design stages of the product? The World Business Council on Sustainable Development recently began their own roadmap pulling together businesses which aim to find solutions to recycle waste from the sea, primarily for industrial products. Perhaps this network would be interesting for you.

Javier Goyeneche: Absolutely, it sounds very interesting. The problem is that when you are a new and small company you are not aware of everything out there. There are so many things that you need to deal with during the course of the day and there is no time for everything.

Regarding process of recycling, it is sometimes much more expensive because of the nature of the actual products. I will give you an example of a large company that I cannot name who will be launching a new water bottle in the near future which they want to be red. The problem with the colour red is that it cannot be recycled with other bottles. They came to us to try to rectify the problem through funding ECOALF. I told them that they have a basis problem, the solution was not to give money to ECOALF, the solution was simply to not put into the system a bottle that is not easy to be recycled. They know that what they are doing is wrong and they try to amend it by giving money. I think in this case the authorities should intervene and say ‘no you cannot launch this product’.

All photos: OECD/Marco Illuminati
The Secretary-General is delighted to present:

Javier Goyeneche
President and Founder of ECOALF

"Because There Is No Planet B"