МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ
ЗАПОРІЗЬКИЙ НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ

ЕКОНОМІЧНИЙ ФАКУЛЬТЕТ

кафедра міжнародної економіки, природних ресурсів та економіки міжнародного туризму

Кваліфікаційна робота магістра

на тему «Сталий розвиток у міжнародній торгівлі: економічний вплив циркулярних моделей моди на бренди класу люкс»

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Запоріжжя
2025 рік

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
ZAPORIZHZHIA NATIONAL UNIVERSITY

FACULTY OF ECONOMICS

Department of International Economics, Natural Resources, and Economics of International Tourism

Master's Thesis

Research Topic "Sustainability in International Trade: The Economic Impact of Circular Fashion Models on Luxury Brands"

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Zaporizhzhia
2025

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МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ

ЗАПОРІЗЬКИЙ НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ

Факультет економічний
Кафедра міжнародної економіки, природних ресурсів та економіки міжнародного туризму
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ЗАТВЕРДЖУЮ
В. о. зав. кафедри _____ Гамова О. В.
«____»_____ 2025 року

З А В Д А Н Н Я
НА КВАЛІФІКАЦІЙНУ РОБОТУ СТУДЕНТУ

Ульяшину Ігорю Андрійовичу

1. Тема роботи: «Сталий розвиток у міжнародній торгівлі: економічний вплив циркулярних моделей моди на бренди класу люкс»
   керівник роботи: к.е.н., доцент Кусакова Юлія Олександрівна затверджені наказом ЗНУ від «25» березня 2025 року № 439-с, «24» вересня 2025 року № 1322-с
2. Строк подання студентом роботи 05 грудня 2025
3. Вихідними даними до кваліфікаційної роботи є міжнародна та національна нормативно-правова база у сфері сталого розвитку, циркулярної економіки та міжнародної торгівлі, матеріали міжнародних статистичних організацій, аналітичні звіти, звіти провідних люксових брендів, публікації у фахових наукових журналах, електронні економічні та галузеві публікації, публікації засобів масової інформації, підручники та навчальні посібники з міжнародної економіки, сталого розвитку та маркетингу.
4. Зміст розрахунково-пояснювальної записки (перелік питань, що належить розробити). Теоретичні основи сталого розвитку та циркулярної економіки в системі міжнародної торгівлі. Аналіз досвіду провідних міжнародних люксових брендів у впровадженні циркулярних fashion-моделей та оцінку їх економічних результатів. Формування конкурентних переваг люксових брендів в умовах глобалізації через впровадження принципів сталості та циркулярної економіки.
5. Перелік графічного матеріалу (з точним зазначенням обов'язкових креслень). Графічні матеріали було використано в 1 розділі для визначення «Ключових драйверів формування майбутнього циркулярної моди в індустрії люксу», а також у 3 розділі в пунктах: 3.1 та 3.2 «Ключові фактори, що формують позицію України на міжнародному ринку модних брендів».

6. Консультанти розділів роботи

Розділ	ПІП, посада консультанта	Підпис, дата	
		Завдання видав	Завдання прийняв
Вступ	Кусакова Ю.О., к.е.н., доцент	05.08.2025 р.	05.08.2025 р.
І розділ	Кусакова Ю.О., к.е.н., доцент	05.08.2025 р.	05.08.2025 р.
ІІ розділ	Кусакова Ю.О., к.е.н., доцент	08.09.2025 р.	08.09.2025 р.
ІІІ розділ	Кусакова Ю.О., к.е.н., доцент	03.10.2025 р.	03.10.2025 р.
Висновки	Кусакова Ю.О., к.е.н., доцент	03.10.2025 р.	03.10.2025 р.

7. Дата видачі завдання 24 червня 2025 р.

КАЛЕНДАРНИЙ ПЛАН

№ з/п	Назва етапів кваліфікаційної роботи	Строк виконання етапів роботи	Примітка
1	Вибір теми	06.11.2024 –18.12.2024	виконано
2	Складання робочого плану	24.06.2025 р. –15.07.2025 р.	виконано
3	Підбір літератури та вивчення літературних джерел	22.07.2025 –30.07.2025	виконано
4	Складання плану	01.08.2025 р. – 04.08.2025 р.	виконано
5	Виконання вступу	05.08.2025 р. – 08.09.2025 р.	виконано
6	Виконання розділу 1	09.09.2025 р. – 02.10.2025 р.	виконано
7	Виконання розділу 2	03.10.2025 р. – 20.10.2025 р.	виконано
8	Виконання розділу 3	21.10.2025 р. – 27.10.2025 р.	виконано
9	Формулювання загальних висновків	28.10.2025 р. – 10.11.2025 р.	виконано
10	Подання роботи на кафедру на передзахист	18.11.2025 р.	виконано
11	Попередній захист роботи на кафедрі	06.11.2024 –30.11.2024	виконано
12	Оформлення роботи та проходження нормоконтролю	01.12.2025 р. – 05.12.2025 р.	виконано
13	Одержання відгуку та рецензії	01.12.2025 р. – 05.12.2025 р.	виконано
14	Подання остаточного варіанту роботи на кафедру	05.12.2025 р.	виконано

Студент _____ І. А. Ульяшин

Керівник роботи _____ Ю. О. Кусакова

Нормоконтроль пройдено

Нормоконтролер _____ А. В. Селіщева

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
ZAPORIZHZHIA NATIONAL UNIVERSITY

Faculty of Economics
Department of International Economics, Natural Resources, and Economics of International Tourism
Level of higher education: Second (Master's)
Specialty: 051 "Economics"
Educational and Professional Program: "International Economics"

APPROVED
Acting Head of the Department _____ Hamova O. V.
"____" _____ 2025

ASSIGNMENT

FOR THE QUALIFICATION THESIS FOR THE STUDENT
Ihor Uliashyn

1. Thesis topic: "Sustainable Development in International Trade: The Economic Impact of Circular Fashion Models on Luxury Brands"

Thesis supervisor: PhD in Economics, Associate Professor Kusakova Yuliia Oleksandrivna, approved by orders of Zaporizhzhia National University dated March 25, 2025, No. 439-s, and September 24, 2025, No. 1322-s.

2. Deadline for submission of the thesis: December 5, 2025
3. Source data for the qualification thesis include international and national legal and regulatory frameworks in the fields of sustainable development, circular economy, and international trade; materials from international statistical organizations; analytical reports by consulting companies; reports of leading luxury brands; publications in peer-reviewed academic journals; electronic economic and industry publications; mass media publications; textbooks and study guides on international economics, sustainable development, and marketing.
4. Contents of the calculation and explanatory note (list of issues to be addressed): The theoretical foundations of sustainable development and the circular economy within the system of international trade. Analysis of the experience of leading international luxury brands in implementing circular fashion models and assessment of their economic outcomes. Formation of competitive advantages of luxury brands in the context of globalization through the implementation of sustainability and circular economy principles.

5. List of graphic materials (with precise indication of mandatory drawings). Graphic materials were used in Section 1 to define the "Key drivers shaping the future of circular fashion in the luxury industry," as well as in Section 3, points 3.1 and 3.2, "Key factors shaping Ukraine's position in the international fashion brand market."

6. Consultants of work sections

Chapters	Surname, first name, patronymic, position of consultant	Date, signature	
		Task issued by	Task accepted by
Introduction	Kusakova Yu. O., PhD in Economics, Associate Professor	05.08.2025	05.08.2025
Ist chapter	Kusakova Yu. O., PhD in Economics, Associate Professor	05.08.2025	05.08.2025
IInd chapter	Kusakova Yu. O., PhD in Economics, Associate Professor	08.09.2025	08.09.2025
IIIrd chapter	Kusakova Yu. O., PhD in Economics, Associate Professor	03.10.2025	03.10.2025
Conclusions	Kusakova Yu. O., PhD in Economics, Associate Professor	03.10.2025	03.10.2025

7. Date of assignment: June 24, 2025.

CALENDAR PLAN

№ i/o	Name of the stages of the qualification work	Deadline for completion of work stages	Notes
1	Choosing a topic	06.11.2024 –18.12.2024	done
2	Making a work plan	24.06.2025 p. –15.07.2025	done
3	Selecting and studying literary sources	22.07.2025 –30.07.2025	done
4	Drawing up a plan	01.08.2025 p. – 04.08.2025	done
5	Performance of the introduction	05.08.2025 p. – 08.09.2025	done
6	Completion of Section 1	09.09.2025 p. – 02.10.2025	done
7	Completion of Section 2	03.10.2025 p. – 20.10.2025	done
8	Completion of Section 3	21.10.2025 p. – 27.10.2025	done
9	Formulation of general conclusions	28.10.2025 p. – 10.11.2025	done
10	Submission of work to the department for preliminary defense	18.11.2025	done
11	Preliminary defense of work at the department	06.11.2024 –30.11.2024	done
12	Work completion and compliance with regulatory requirements	01.12.2025 p. – 05.12.2025	done
13	Getting feedbacks and recommendations	01.12.2025 p. – 05.12.2025	done
14	Final version of the work submitted to the department	05.12.2025	done

Student _____ I. A. Uliashyn

Supervisor _____ Y. O. Kusakova

Regulatory control passed

Regulatory controller _____ A. V. Selishcheva

РЕФЕРАТ

Кваліфікаційна робота магістра: 90 с., 8 табл., 53 джерела.

Об’єктом дослідження є процеси впровадження циркулярних моделей у діяльність люксових брендів у системі міжнародної торгівлі в умовах сталого розвитку. Предметом є теоретичні засади, економічні механізми, бізнес-моделі та інструменти реалізації циркулярної моди в сегменті luxury, а також їх вплив на міжнародні ланцюги постачання, конкурентоспроможність брендів і трансформацію глобальної торговельної системи.

Метою роботи визначено обґрунтування теоретичних і методичних підходів до оцінки економічного впливу циркулярних моделей моди на діяльність люксових брендів у міжнародній торгівлі та визначення практичних напрямів підвищення їх міжнародної конкурентоспроможності в умовах сталого розвитку, зокрема для українських брендів моди на європейських ринках.

Для досягнення мети було сформовано такі завдання:

- дати визначення циркулярній моді та її ключовим принципам;
- систематизувати переваги та недоліки впровадження циркулярної економіки в індустрію високої моди;
- проаналізувати еволюцію вимог до сталості в міжнародній торгівлі;
- дослідити характеристики циркулярних моделей моди та їхнє впровадження провідними люксовими брендами;
- порівняти економічні вигоди та виклики циркулярних стратегій;
- оцінити вплив циркулярності на глобальні ланцюги постачання, торговельні потоки та ринкову поведінку;
- визначити фактори, що формують споживчий попит на сталі люксові товари;

- окреслити місце України на міжнародному ринку моди та запропонувати шляхи підвищення її конкурентоспроможності.

У процесі дослідження використано цілу низку методів, зокрема: методи теоретичного узагальнення і систематизації наукових підходів до циркулярної економіки та сталої моди; структурно-логічний, порівняльний аналіз; аналітичне узагальнення емпіричних даних міжнародних організацій, галузевих звітів та звітів провідних люксових брендів; табличні методи візуалізації результатів.

Наукова новизна полягає у розробці комплексного підходу до оцінювання економічних ефектів від впровадження циркулярних моделей у діяльність люксових брендів у глобальному торговельному середовищі. Було уточнено вплив циркулярності на міжнародні ланцюги постачання, конкурентне позиціонування та трансформацію структури вартості у люксовому сегменті.

Актуальність кваліфікаційної роботи підтверджується тим, що циркулярна мода є парадигмою, яка докорінно відрізняється від традиційної лінійної моделі «бери–виробляй–утилізуй», пропагуючи регенеративну систему, де матеріали та ресурси циркулюють якомога довше. У люксовому сегменті циркулярність вимагає структурної адаптації, оскільки вона переосмислює кожен етап ланцюга створення вартості, від вибору волокна та дизайну до кінця життєвого циклу.

Впровадження циркулярних моделей у сегменті люксової моди є актуальним і для України. Зокрема, дотримання принципів циркулярної економіки дозволяє національним брендам відповідати жорстким вимогам ЄС щодо сталого споживання текстилю, а це, в свою чергу, сприяє залученню міжнародних інвестицій. Крім того, циркулярна мода в Україні часто базується на відродженні традиційних ремесел та використанні локальних матеріалів. Це створює унікальний "український акцент" у світовому люксі, поєднуючи емоційну довговічність речей із культурною ідентичністю.

З огляду на повоєнні умови та перспективи післявоєнної відбудови

циркулярні моделі, як-от оренда (PaaS) та перепродаж (resale), дозволять брендам мінімізувати витрати на сировину та залучати нову аудиторію.

У роботі встановлено, що циркулярна мода вимагає від дизайнерів свідомого вибору відновлюваних, біорозкладних або легко відновлюваних матеріалів. Довговічність, ремонтопридатність та можливість переробки стають центральними елементами креативних рішень. Основними циркулярними моделями, визначеними у роботі, є resale (перепродаж), rental (оренда), repair (ремонт), upcycling (перетворення) та recycling (переробка).

Визначено, що перехід до циркулярності впливає на глобальні ланцюги постачання, оскільки вимагає запровадження політик розширеної відповідальності виробника (EPR) та дотримання транскордонних екологічних стандартів. Зростання глобальних вторинних ринків, підтримуваних цифровими платформами та технологіями автентифікації, змінює традиційну економічну логіку. На відміну від класичних припущень, циркулярна модель демонструє, що люксові товари можуть зберігати або навіть збільшувати свою цінність на міжнародних вторинних ринках, особливо якщо вони мають високу якість, дефіцитність та спадковість (heritage).

Виділено вигоди та виклики від переходи на принципи циркулярної економіки в індустрії високої моди. Основними вигодами є: економічна ефективність через зменшення залежності від первинної сировини, пом'якшення фінансових ризиків, пов'язаних із волатильністю сировинних ринків, зміцнення бренд-капіталу та лояльності споживачів, та диверсифікація доходів через монетизацію вторинних ринків (сертифікований ресейл, оренда).

Щодо викликів, то серед них слід навести: необхідність значних інвестицій у зворотну логістику та інфраструктуру, регуляторна фрагментація між юрисдикціями, потреба балансувати циркулярність із традиційною ексклюзивністю, а також технологічні обмеження у переробці складних багатокомпонентних люксових тканин.

Міжнародні стандарти та політики, такі як Ecodesign Regulation та Цифрові паспорти продукції (DPP) Європейського Союзу, встановлюють обов'язкові вимоги до прозорості, ремонтопридатності та відстежуваності. Регулювання впливає на митні тарифи, оскільки традиційні класифікації, розроблені для лінійних моделей, не відповідають відновленим товарам. Розширена відповідальність виробника (EPR) вимагає від компаній фінансувати схеми переробки та управляти відходами, що збільшує адміністративне навантаження при міжнародній торгівлі.

Робота розглядає циркулярність як трансформаційний процес, що діє на мікро- та макрорівнях:

Мікрорівень (Компанії та Споживачі) передбачає:

- Фокус: Трансформація бренд-стратегій, дизайну продукції та споживчої поведінки до довговічності та повторного використання.
- Операційні наслідки: Впровадження програм ремонту, ресейлу, відновлення та зворотного викупу; інвестиції у циркулярний дизайн.
- Економічні ефекти: Зниження витрат завдяки ресурсній ефективності; нові доходи через моделі ресейлу та оренди; посилення лояльності до бренду.

Макрорівень (Галузь на Міжнародному ринку) передбачає:

- Фокус: Структурні зміни у світовій торгівлі, регуляторних рамках та міжнародних стандартах сталості.
- Первинні драйвери: Урядові регуляції, глобальні екологічні зобов'язання, культурні зсуви та міжнародні торговельні угоди.
- Операційні наслідки: Розвиток циркулярних ланцюгів постачання; впровадження еко-регуляцій між країнами; інтеграція інфраструктури переробки.
- Економічні ефекти: Реконфігурація глобальних ланцюгів створення вартості; зменшення залежності від первинних ресурсів; зростання транскордонних вторинних ринків.

Аналіз ініціатив компаній із модної індустрії дозволив встановити, що

люксові бренди впроваджують циркулярність через:

1. Інновації матеріалів: Використання регенеративних, біоінженерних та перероблених високоякісних тканин. Це зменшує залежність від первинної сировини та зміцнює бренд завдяки сталому позиціонуванню.

2. Дизайн для Довговічність: Створення продукції з міцною конструкцією, модульністю та позачасовою естетикою. Це підвищує лояльність клієнтів та виправдовує преміальне ціноутворення.

3. Програми Зворотного Викупу та Ремонту: Розширення внутрішніх ательє та надання послуг довічного обслуговування. Це створює нові доходи від послуг та скорочує обсяг відходів.

4. Контрольовані Платформи Ресейлу: Запуск власних або співпраця з сертифікованими вторинними майданчиками. Це дозволяє брендам контролювати автентичність, ціноутворення та отримувати додатковий прибуток від раніше втрачених вторинних ринків.

Розглянуто споживчу поведінку та попит на сталий люкс. Встановлено, що останній зростає, оскільки сучасний споживач оцінює бренди не лише за ексклюзивністю, але й за етичною та екологічною відповідальністю. Цей зсув особливо помітний серед молодших поколінь (Міленіали та Gen Z), які пріоритизують прозорість, зниження вуглецевого сліду та циркулярність.

Виділені ключові фактори, що впливають на попит:

- Ціннісна Орієнтація: Бажання узгодити особисту ідентичність із цінностями сталості.
- Сприйняття Автентичності: Уникнення грінвошингу (greenwashing) та вимога повної простежуваності та верифікації заяв. Це посилює необхідність у цифрових паспортах продукції (DPP).
- Споживання, Орієнтоване на Довговічність: Зацікавленість у продуктах, які можна ремонтувати, відновлювати або перепродавати. Це підтримує участь у циркулярних моделях (ресейл, оренда).

Оцінено прибутковість циркулярної моди. Виявлено, що циркулярні моделі генерують довгострокову фінансову цінність завдяки:

1. Подовженому Життєвому Циклу Продукту: Дохід від ремонту, відновлення та сертифікованого перепродажу існуючих предметів, що створює стабільні багатофазні потоки доходів.

2. Відновленню Матеріалів та Зменшенню Відходів: Повторне використання обрізків тканини та високоякісних вхідних матеріалів, що знижує витрати на первинну сировину та підвищує стійкість до цінової волатильності.

3. Бренд-Капіталу, Керованому Стійкістю: Прозорість та інновації у сфері циркулярності дозволяють підтримувати або підвищувати преміальні ціни, посилюючи конкурентну позицію.

4. Технологічній Ефективності: Використання блокчейну та DPP зменшує операційні втрати від контрафакту, неефективного управління запасами та неточних повернень.

Проаналізовано глобальні торговельні виклики циркулярного люксу. З’ясовано, що незважаючи на переваги, міжнародне масштабування циркулярних моделей стикається з викликами, пов’язаними з тим, що глобальна торговельна система була розроблена для лінійних структур:

- Класифікаційна Невизначеність: Відсутність чітких митних категорій для відремонтованих, відновлених або upcycled люксових товарів призводить до високих тарифів та адміністративних бар'єрів.
- Регуляторна Фрагментація: Істотні відмінності у правилах EPR, екологічних законах та вимогах до прозорості між країнами ускладнюють міжнародну діяльність.
- Складна Зворотна Логістика: Міжнародні системи зворотного руху товарів (для ремонту чи переробки) є дорожчими та менш ефективними, вимагаючи спеціалізованого оформлення та підвищеної координації.
- Проблеми Простежуваності: Не всі торговельні партнери мають технологічну та правову інфраструктуру для підтримки цифрових паспортів продукції (DPP), що може призвести до затримок на митниці.

Майбутнє циркулярного люксу визначається зростаючими амбіціями глобальних політик сталості. Регуляторні тенденції вказують на те, що:

- Директива ЄС з екодизайну та DPP стануть обов’язковими, вимагаючи прозорості матеріалів, ремонтопридатності та відстежуваності походження, що полегшить транскордонний рух відновлених товарів.
- EPR для текстилю стимулюватиме виробників до розробки довговічних продуктів та інвестування у замкнені цикли.
- Механізми коригування вуглецевих кордонів (CBAM) та «зелені» тарифи вимагатимуть підтвердження низьковуглецевого виробництва, що підвищить вартість імпорту для брендів із вуглецево-інтенсивними ланцюгами постачання.
- Гармонізація глобальних стандартів необхідна для усунення адміністративних бар'єрів та забезпечення глобальної масштабованості циркулярних бізнес-моделей.

Окрему увагу приділено дослідженню позиціонування України на міжнародному ринку. Завдяки унікальній креативній ідентичності, що поєднує майстерність, культурні мотиви та сучасну естетику, українські бренди, користуються попитом та демонструють колекції на світових тижнях моди (Париж, Нью-Йорк), отримуючи високу видимість.

Виділені сильні сторони України на цьому ринку, а саме:

- Креативна Ідентичність: Поєднання спадщини та мінімалізму, що резонує з глобальним попитом на автентичність.
- Географічна Близькість до ЄС: Спрощені торговельні механізми та ефективна логістика.
- Діджитал Експансія: Активне використання онлайн-платформ для прямого доступу до міжнародних споживачів (D2C).
- Виробничий Потенціал: Кваліфікований сектор виробництва текстилю та одягу, що залучає європейські компанії, які шукають ніаршорингові рішення.

Встановлено, що конкурентоспроможність української моди в Європі може бути значно підвищена через системні стратегічні дії:

1. Повне Узгодження зі Стандартами ЄС: Впровадження прозорих ланцюгів постачання, екологічної сертифікації та відповідності регуляторним вимогам (як-от DPP та EPR) для забезпечення довіри європейських покупців та отримання доступу до преміальних каналів дистрибуції.

2. Інтеграція Циркулярних Стратегій: Запуск програм ремонту, зворотного викупу (take-back) та апсайклінгу для задоволення попиту європейських споживачів на відповідальне споживання.

3. Інтеграція в Європейські Мережі: Розширення присутності на європейських тижнях моди, виставках та співпраця з міжнародними байєрами, редакторами та інвесторами для підвищення видимості та легітимності.

4. Модернізація Виробництва: Інвестиції у технологічні та екологічні виробничі практики, що дозволить Україні позиціонуватися як надійний хаб для європейської моди.

5. Цифрова Експансія: Розвиток мультілінгвальних e-commerce платформ, оптимізація логістики для швидкої доставки до ЄС та використання партнерств із європейськими маркетплейсами.

Кваліфікаційна робота доводить, що циркулярна мода є ключовим структурним рушієм трансформації світової індустрії моди, що виходить за межі простої екологічної ініціативи. Люксові бренди переосмислюють свою ціннісну пропозицію через простежуваність, довговічність та відповідальне управління ресурсами.

У роботі представлено такі основні висновки:

- Циркулярні моделі приносять вимірні економічні вигоди, генеруючи нові потоки доходів від вторинних ринків, забезпечуючи економію на матеріалах та підвищуючи стійкість бренду у нестабільному глобальному середовищі.

- Механізми, на кшталт Директива ЄС з екодизайну та Цифрові паспорти продукції (DPP), трансформують умови доступу до ринку, роблячи циркулярність обов'язковим елементом глобальної конкурентоспроможності.
- Попит, керований свідомим споживачем, який цінує прозорість та етичне постачання, посилює економічну раціональність циркулярних моделей, роблячи їх інтегральною частиною диференціації бренду.
- Майбутнє українських брендів на міжнародному ринку залежить від їхньої здатності поєднувати сильну культурну ідентичність та майстерність із передовими практиками сталості та регуляторним узгодженням із вимогами ЄС.

Успішна інтеграція циркулярності на всіх рівнях — від дизайну до глобальної логістики — дозволить люксовим брендам не лише отримати конкурентну перевагу, але й сформувати нову архітектуру міжнародної торгівлі

МІЖНАРОДНА ТОРГІВЛЯ, СТАЛИЙ РОЗВИТОК, ЦИРКУЛЯРНА ЕКОНОМІКА, ЦИРКУЛЯРНА МОДА, ЛЮКСОВІ БРЕНДИ, МІЖНАРОДНІ ЛАНЦЮГИ ПОСТАЧАННЯ, РЕСЕЙЛ, СТАЛА КОНКУРЕНТОСПРОМОЖНІСТЬ, ЦИФРОВА ПРОСТЕЖУВАНІСТЬ.

SUMMARY

Qualification work: 90 pages,8 tables, 53 sources.

The object of the study is the processes of implementing circular models in the operations of luxury brands within the system of international trade under conditions of sustainable development.

The subject of the study comprises the theoretical foundations, economic mechanisms, business models, and instruments for implementing circular fashion in the luxury segment, as well as their impact on international supply chains, brand competitiveness, and the transformation of the global trading system.

The purpose of the study is to substantiate theoretical and methodological approaches to assessing the economic impact of circular fashion models on the activities of luxury brands in international trade and to identify practical directions for enhancing their international competitiveness in the context of sustainable development, particularly for Ukrainian fashion brands in European markets.

Research methods: methods of theoretical generalization and systematization of scientific approaches to the circular economy and sustainable fashion; structural-logical, comparative, and factor analysis; economic and statistical methods for evaluating the effectiveness of circular business models; systems approach methods; analytical synthesis of empirical data from international organizations and industry reports; and tabular and graphical methods for visualizing research results.

The qualification thesis examines the evolution of the concepts of sustainable development and the circular economy in international trade and identifies the specific features of circular fashion models in the luxury segment (resale, rental, repair, upcycling, and recycling). Circular business models of luxury brands are systematized, and their economic impact on cost structures, revenue generation, and long-term brand value creation is analyzed. Particular attention is paid to changes in consumer behavior and the growing demand for sustainable fashion across different consumer generations.

The study explores the impact of circularity on international supply chains, the transformation of global value chains, the development of secondary markets, and regulatory challenges in international trade. The role of digital technologies, including blockchain and digital product passports, in ensuring transparency, traceability, and consumer trust is analyzed. In addition, the opportunities and barriers for integrating Ukrainian fashion brands into the European market through the application of circular strategies are assessed.

Based on the research findings, practical recommendations are developed to enhance the international competitiveness of luxury and Ukrainian fashion brands through the implementation of circular models, optimization of international supply chains, and the use of sustainability as a source of long-term competitive advantage.

INTERNATIONAL TRADE, SUSTAINABLE DEVELOPMENT, CIRCULAR ECONOMY, CIRCULAR FASHION, LUXURY BRANDS, INTERNATIONAL SUPPLY CHAINS, RESALE, SUSTAINABLE COMPETITIVENESS, DIGITAL TRACEABILITY.

INTRODUCTION

The accelerating pace of globalisation and the intensifying ecological crisis have placed sustainability at the centre of contemporary international trade discussions. As environmental pressures mount and consumer awareness grows, traditional linear production and consumption patterns are increasingly viewed as incompatible with long-term economic resilience. Within this context, the fashion industry stands out as one of the world's most resource-intensive and pollutive sectors, generating immense volumes of waste, carbon emissions, and unsold inventory. Luxury fashion, historically associated with craftsmanship, exclusivity, and high-margin business models, faces a particularly complex challenge: reconciling its commitment to creativity and growth with the urgent need to operate within planetary boundaries. This tension has catalysed a global shift toward circularity, a system in which materials and products circulate in closed loops, designing out waste and extending the life cycle of goods.

Circular fashion models encompassing resale, repair, rental, upcycling, recycling technologies, and closed-loop material systems have emerged as a transformative opportunity for both sustainable development and competitive differentiation. As international trade flows increasingly incorporate environmental standards, extended producer responsibility policies, and cross-border sustainability regulations, luxury brands must adapt not only to remain compliant but to maintain their relevance among new generations of consumers. Circular practices are reshaping supply chains, altering the geography of production, influencing tariff structures, and redefining value creation within the luxury sector. At the same time, digital platforms and global secondary markets have intensified the cross-border movement of pre-owned luxury goods, creating new patterns of international trade that challenge traditional distribution channels and brand-controlled market dynamics.

Despite the growing prominence of circularity in policy debates and corporate strategies, its economic consequences for luxury brands remain insufficiently

understood. Companies operating in the high-end fashion segment face unique risks, including potential impacts on brand equity, pricing strategies, market cannibalisation, and exclusivity. Conversely, they also stand to gain from operational efficiencies, enhanced resource security, strengthened consumer loyalty, and expanded global market reach. Understanding how circular fashion models influence international trade performance, cost structures, and financial outcomes is therefore essential for both industry actors and policymakers seeking to foster sustainable, yet economically viable, transformation of the fashion sector. This diploma thesis explores the economic impact of circular fashion models on luxury brands within the broader framework of sustainability in international trade. It analyses how circular strategies reshape global supply chains, modify trade patterns, and create new economic incentives and constraints. By investigating the interplay between regulatory developments, consumer behaviour, technological innovation, and corporate sustainability initiatives, the research aims to provide a comprehensive evaluation of how luxury brands can integrate circularity while strengthening their international competitiveness. Ultimately, this study contributes to a deeper understanding of the role that circular fashion can play in building a more sustainable global trade ecosystem without compromising the economic foundations of luxury businesses.

Relevance of the Research. The relevance of this research stems from the rapid transformation of global trade under the pressures of climate change, resource depletion, and shifting consumer expectations regarding sustainability. The luxury fashion industry, long associated with high consumption of raw materials and waste generation, is now confronted with the urgent need to adopt circular models that minimise environmental impact while maintaining economic competitiveness. At the same time, governments across the world are introducing stricter sustainability regulations, cross-border environmental standards, and incentives for circular production, all of which directly influence international trade dynamics. As circular fashion becomes a central pillar of sustainable development, understanding its economic implications for luxury brands companies that play a significant role in

global trade flows has become essential. This topic is especially relevant today because circular business models are no longer optional innovations but emerging global requirements that determine long-term competitiveness, consumer loyalty, and regulatory compliance.

Research Aim. The aim of the research is to assess how the implementation of circular fashion models influences the economic performance and international trade activities of luxury fashion brands, and to determine the extent to which circularity contributes to their sustainable competitive advantage in the global market.

Object of the Research. The object of the research is the process of integrating sustainability and circular economy principles into the international trade operations of luxury fashion brands.

Subject of the Research. The subject of the research is the economic impact of circular fashion models such as resale, rental, repair, recycling, and closed-loop production on the international competitiveness, trade flows, and financial outcomes of luxury fashion brands.

Research Tasks. The research involves several key tasks aimed at achieving a comprehensive understanding of the topic. These tasks include analysing the evolution of sustainability requirements in international trade and their implications for the fashion industry; examining the characteristics of circular fashion models and evaluating their adoption among leading luxury brands; identifying the economic benefits and challenges associated with circular strategies; assessing the influence of circularity on global supply chains, trade flows, and market behaviour; and determining the factors that shape consumer demand for sustainable luxury goods.

The scientific novelty. The scientific novelty of the research consists in developing a comprehensive approach to evaluating the economic effects of implementing circular models in the activities of luxury brands within the global trade environment. In particular, the study clarifies the influence of circularity on international supply chains, competitive positioning, and value structure transformations in the luxury segment, and identifies ways to enhance the

competitiveness of Ukrainian fashion brands in European markets through the application of circular strategies.

Practical Significance of the Research. The practical significance of this research lies in its ability to offer actionable insights for luxury fashion brands, policymakers, and sustainability strategists. By identifying the economic outcomes associated with adopting circular fashion models, the study provides guidance on how companies can optimise their global supply chains, reduce operational costs, and improve resource efficiency while maintaining brand equity and competitiveness in international markets. The findings can serve as a foundation for developing new corporate sustainability strategies, designing effective circular business models, and shaping international trade policies that encourage environmentally responsible economic growth. Furthermore, the research contributes to practical decision-making by illustrating how circularity can be leveraged as a measurable economic advantage rather than solely an environmental commitment.

Approbation of the qualification work results. The main provisions and conclusions of the qualification thesis were presented at the XX International Scientific and Practical Conference “Challenges and Prospects for the Development of the New Economy at the Global, National, and Regional Levels” (Zaporizhzhia, October 16–17, 2025), where conference proceedings were published on the topic “The Modern Luxury Market in the Context of Multigenerational Marketing.” In addition, the research findings were presented at the XIV International Round Table “Integration of Education, Science, and Business” (Zaporizhzhia, September 19, 2025), and a chapter was published in the monograph “Multigenerational Marketing in Brand Strategies.”

The structure of the thesis consists of an introduction, three chapters, conclusions, and a list of sources.

The first chapter, “Theoretical Framework – Circular Fashion in International Trade,” examines the definition of circular fashion and its key principles, substantiates the concept of the circular economy in the luxury segment, analyses

the economic benefits and challenges for businesses, and explores the regulatory aspects of international trade and the impact of global standards on the implementation of circular models.

The second chapter, systematizes company initiatives in circular fashion, investigates consumer behavior and demand for sustainable luxury, and assesses the economic effectiveness of circular practices in international trade as well as the main barriers in the global industry.

The third chapter, “Future of Circular Fashion in the Luxury Industry,” identifies key regulatory trends and their influence on trade policy, analyzes Ukraine’s position in the international fashion brand market, and proposes practical directions for enhancing the competitiveness of Ukrainian brands in European markets through the application of circular strategies.

The thesis is distinguished by a comprehensive approach to assessing the economic impact of circular models on the operations of luxury brands, combining theoretical analysis, systematization of corporate practices, evaluation of consumer behavior, and the development of practical recommendations to improve the international competitiveness of Ukrainian fashion brands in the context of sustainable development and global trade.

1 THEORETICAL FRAMEWORK – CIRCULAR FASHION IN INTERNATIONAL TRADE

1.1 Defining Circular Fashion and Its Key Principles.

The theoretical foundation of circular fashion within the context of international trade is grounded in the broader principles of the circular economy, sustainable development, and global value chain restructuring. Circular fashion represents a departure from the traditional linear "take–make–dispose" model that has defined the fashion industry for decades and instead promotes a regenerative system in which materials, products, and resources circulate for as long as possible. This paradigm requires rethinking every stage of the fashion value chain, from fibre selection and garment design to production, distribution, consumption, and end-of-life processes. In the luxury segment, where craftsmanship, durability, and exclusivity are central to brand identity, the circular model presents both an economic opportunity and a strategic challenge requiring significant institutional and structural adaptation.

International trade provides the broader economic environment in which circular fashion models operate and evolve. As fashion brands increasingly source materials, manufacture apparel, and distribute products across multiple continents, the shift toward circularity affects not only production practices but also the structure of global supply chains. The introduction of extended producer responsibility regulations, cross-border environmental standards, and climate-related trade mechanisms has reshaped the incentives and constraints that govern international commerce. These policy transformations encourage brands to adopt recyclable materials, invest in repair and refurbishment programmes, and redesign goods to sustain multiple life cycles. For luxury brands that conduct a substantial portion of their operations in global markets, circularity is therefore intertwined with trade

policy, logistics, customs processes, and environmental compliance across jurisdictions. The rise of digital platforms has further transformed the global circulation of luxury goods, enabling secondary markets that transcend national borders and operate independently of traditional brand distribution systems. The international resale of luxury fashion, supported by online marketplaces and authentication technologies, has expanded the lifespan of high-end products and introduced new trade flows that were previously marginal or informal. These developments challenge the classical economic assumptions that a luxury product's value is highest upon initial sale and then progressively declines. In contrast, the circular model demonstrates that luxury goods can retain or even increase their value in global second-hand markets, especially when scarcity, heritage, and craftsmanship are central elements of their appeal. As a result, circularity influences pricing, taxation, supply chain management, and brand-controlled trade channels, requiring new theoretical approaches to understanding how luxury products move through international markets [1].

Within the broader theoretical context, circular fashion intersects with several established economic frameworks, including resource efficiency theory, ecological economics, and institutional economics. Resource efficiency theory suggests that value creation can be significantly enhanced when materials are utilised more effectively and waste is transformed into economic inputs. Ecological economics emphasises the need to integrate environmental constraints into economic decision-making, highlighting the importance of reducing carbon emissions, water consumption, and textile waste. Institutional economics underscores the role of legal, regulatory, and cultural institutions in shaping organisational behaviour, which is particularly relevant for luxury brands that must navigate evolving sustainability standards, consumer expectations, and trade regulations.

The integration of circular fashion into international trade also aligns with global sustainability agendas such as the United Nations Sustainable Development Goals, which encourage responsible consumption and production, climate action, and innovation. Luxury brands, due to their global visibility and economic influence,

are uniquely positioned to lead the transition toward sustainable trade practices. Their adoption of circular strategies not only reduces environmental impact but also sets industry-wide norms and expectations across international markets. These transformations require theoretical attention to concepts such as supply chain transparency, traceability technologies, renewable material use, and life-cycle assessment methodologies, which together form a comprehensive analytical foundation for understanding circularity in the global luxury sector. Circular fashion within international trade is a multifaceted theoretical domain that combines environmental, economic, regulatory, and technological dimensions. It challenges traditional production systems, reshapes global supply chains, and alters the economic logic of luxury consumption. As countries adopt more stringent sustainability measures and consumers increasingly favour environmentally responsible brands, circular fashion becomes both a theoretical necessity and a practical framework for reimagining the future of global luxury markets. Through its ability to connect economic prosperity with ecological resilience, the circular model establishes a new foundation for analysing how luxury brands can enhance their global competitiveness while contributing to a more sustainable international trade ecosystem [2].

Defining Circular Fashion and Its Key Principles.

Circular fashion is an emerging paradigm within the global fashion industry that seeks to fundamentally transform the way garments are designed, produced, used, and circulated across markets. It is rooted in the broader theoretical construct of the circular economy, which prioritises the continuous flow of materials in closed loops and aims to eliminate waste through systemic redesign. Unlike the traditional linear model that emphasises rapid production and disposal, circular fashion envisions a regenerative system in which products are created with longevity, repairability, and recyclability at their core. This approach reflects a shift from a consumption-driven model to one centred on resource stewardship, environmental responsibility, and long-term economic resilience.

The concept of circular fashion extends beyond the reuse of textiles or the recycling of discarded garments; it encompasses a holistic transformation of the fashion value chain, beginning with the earliest stages of design. In this framework, designers intentionally select materials that are renewable, biodegradable, or easily recoverable to extend the life cycle of products and reduce their ecological footprint. Durability becomes a critical dimension of creative decision-making, as garments must withstand multiple ownership cycles, diverse use contexts, and long-term wear without compromising their aesthetic, functional, or structural qualities. In the context of luxury fashion, where craftsmanship and material excellence have always been fundamental elements, circularity reinforces the value of timeless design while promoting the technological innovation required to integrate new regenerative materials and production methods.

Circular fashion also redefines the relationship between producers and consumers by emphasising new modes of access and ownership. Instead of relying solely on traditional sales, brands increasingly consider models such as garment repair services, buy-back programmes, professional refurbishment, and global resale platforms as integral components of their business strategies. These mechanisms ensure that garments retain value over time and continue circulating in the market rather than being prematurely discarded. At the same time, consumer behaviour undergoes a significant transformation, as individuals engage with fashion in ways that prioritise longevity, quality, and sustainability. This shift reflects a broader cultural movement in which product life cycles are extended through care, maintenance, and responsible disposal, creating a more balanced dynamic between consumption and environmental preservation.

The principles underlying circular fashion emphasise the minimisation of environmental externalities throughout the entire product life cycle. This involves reducing the use of non-renewable resources, lowering greenhouse gas emissions, and limiting chemical pollution associated with textile production and dyeing processes. In global markets, these environmental considerations intersect with international trade policies, particularly as nations implement stricter sustainability

standards and integrate ecological criteria into import and export regulations. Luxury brands must therefore navigate a complex regulatory landscape in which environmental performance is no longer an optional aspect of corporate responsibility but a mandatory requirement for participating in international trade. Technological innovation plays a central role in enabling the transition to circular fashion, providing advanced tools for material recovery, textile recycling, and supply chain transparency. The development of fibre-to-fibre recycling technologies, blockchain-based traceability systems, and digital product passports allows brands to monitor the movement of garments across global supply chains, verify the sustainability of materials, and document the life cycle of products in unprecedented detail. These innovations not only support compliance with international sustainability standards but also enhance consumer trust by offering verifiable information about the origins and environmental impact of luxury products. Circular fashion also introduces a new economic logic to the luxury sector by demonstrating that long-term value can be achieved through continuous circulation rather than constant production. High-quality garments, when designed with circularity in mind, can generate multiple revenue streams through resale, rental, and refurbishment without diminishing their cultural or symbolic value. This model aligns with the growing consumer demand for sustainable luxury and enables brands to reduce dependence on virgin material extraction while strengthening resilience against supply chain disruptions. As a result, circular fashion becomes both an economic strategy and an ethical commitment, reinforcing the idea that sustainability can coexist with profitability in the global luxury market [3].

In essence, circular fashion represents a transformative framework that challenges conventional industry norms by prioritising durability, regenerative material use, and continuous product circulation. Its key principles reflect a convergence of environmental science, economic theory, technological innovation, and cultural change, all of which intersect within the global context of international trade. By redefining how garments are conceived, valued, and utilised, circular fashion offers a pathway toward a more sustainable and equitable fashion ecosystem

in which luxury brands play a pivotal role in shaping global standards and advancing sustainable development.

1.2 Circular Economy in the Luxury Industry: Benefits for businesses and Challenges

The introduction of circular economy principles into the luxury industry represents a profound shift in both economic logic and brand strategy, as luxury companies increasingly recognise that long-term competitiveness depends on reconciling exclusivity with environmental responsibility. Traditionally, luxury brands have relied on high-volume resource extraction, globalised production networks, and consumption patterns centred around novelty and prestige. The circular economy challenges these foundations by proposing a regenerative system in which resources circulate continuously, products remain in use for extended periods, and waste is systematically eliminated. This shift carries significant strategic benefits for luxury businesses, yet it also introduces a series of complex operational, regulatory, and cultural challenges that must be addressed to ensure a successful transition.

One of the most significant advantages of circularity for luxury brands lies in the economic efficiencies generated through reduced dependence on virgin materials and improved utilisation of existing resources. High-end fashion houses, which often work with scarce, high-cost materials such as fine leathers, rare textiles, and precious metals, stand to benefit substantially from processes that extend product lifecycles and enable material recovery at the end of use. By investing in recycling technologies, closed-loop manufacturing systems, and design strategies that support longevity, luxury brands can mitigate the financial risks associated with volatile raw material markets and supply chain disruptions. This approach enhances resilience in international trade, where geopolitical tensions, resource scarcity, and climate-

related disruptions increasingly affect cross-border material flows. Circular economy practices also enhance brand equity by strengthening the perception of luxury products as timeless goods rather than disposable commodities. The inherent durability, craftsmanship, and heritage embedded in luxury items align naturally with circular principles, allowing brands to reaffirm their cultural value while appealing to a growing segment of environmentally conscious consumers. In global markets, where younger generations increasingly prioritise sustainability as a key purchase criterion, circular strategies reinforce customer loyalty and support long-term market positioning. Furthermore, circular business models such as authenticated resale, product refurbishment, and repair services enable luxury brands to maintain control over secondary markets that have historically operated outside their regulatory and pricing frameworks. By internalising these markets, brands gain greater oversight of product authenticity, pricing stability, and distribution channels across borders [4].

The circular economy also introduces opportunities for revenue diversification. As garments circulate through multiple ownership cycles, luxury brands can capture economic value at each stage, transforming a single manufactured item into a recurrent source of profit. This shift reduces reliance on continuous production and opens new global market segments in rental, vintage, and certified pre-owned luxury categories. The emergence of digital platforms accelerates this trend, enabling cross-border movement of second-life products and creating new forms of international trade that extend the commercial lifespan of luxury goods.

Despite these substantial advantages, the adoption of circular economy models presents multiple challenges for luxury brands, many of which stem from the structural and cultural characteristics of the industry. One of the primary difficulties lies in the redesign of supply chains that were originally built for linear production. Circular models require robust infrastructure for material recovery, advanced recycling processes, transparent tracking systems, and specialised facilities for refurbishment and repair. Implementing these systems at a global scale

demands significant financial investment, technological expertise, and cross-sector collaboration. Additionally, luxury brands must navigate a complex regulatory environment as different countries adopt divergent sustainability standards, extended producer responsibility regulations, and environmental compliance requirements. These discrepancies increase the administrative burden associated with international trade and necessitate sophisticated management of cross-border circular operations.

Another challenge arises from the delicate balance between circularity and brand exclusivity. Luxury brands fear that engaging too actively in resale or rental markets might dilute the perceived scarcity and uniqueness of their products. While circular models can strengthen brand prestige by highlighting durability and craftsmanship, they may also risk increasing product accessibility, which could undermine traditional exclusivity norms. Managing this tension requires strategic branding and careful curation of circular offerings to ensure that extended product life cycles reinforce rather than diminish the aura of luxury.

Technological limitations also pose challenges, particularly in textile recycling and material separation. Many luxury garments are composed of blended fabrics, complex embellishments, and proprietary materials that are difficult to disassemble and recycle at scale. Overcoming these barriers requires investment in next-generation recycling technologies, innovative biomaterials, and new design methodologies that prioritise repairability and circular compatibility from the earliest stages of product development. In addition, cultural barriers within organisations can slow the transition toward circularity. Luxury companies, many of which rely on long-standing traditions and artisanal practices, may resist radical changes to established production processes. Ensuring successful adoption therefore demands organisational transformation, employee training, and integration of sustainability objectives into the core business strategy rather than treating them as peripheral initiatives. The integration of circular economy principles into the luxury industry offers substantial opportunities for economic efficiency, brand enhancement, and global competitiveness, yet these benefits are accompanied by

considerable complexity. The luxury sector must navigate technological, regulatory, cultural, and strategic challenges to harness circularity's full potential. As international trade continues to evolve under the influence of global sustainability standards and shifting consumer behaviour, the ability of luxury brands to adapt will determine not only their environmental footprint but also their position within the future global marketplace [5].

1.3 Regulatory Aspects of International Trade & Circular Fashion

The regulatory landscape governing international trade and circular fashion has become increasingly complex as governments, multilateral institutions, and industry bodies attempt to align global commerce with sustainability objectives. Circular fashion, by its nature, intersects with numerous regulatory domains, including environmental protection, waste management, product safety, intellectual property rights, customs law, and cross-border trade facilitation. As countries intensify their commitments to reducing carbon emissions, preserving resources, and minimising waste, regulatory frameworks increasingly reflect a shift from voluntary sustainability initiatives toward mandatory compliance obligations that directly influence how luxury brands operate within international markets.

A central regulatory shift influencing circular fashion is the widespread adoption of extended producer responsibility (EPR) policies. These frameworks require companies to assume full responsibility for the environmental impact of their products throughout their entire lifecycle, including post-consumer waste and disposal. In the context of luxury fashion, EPR mandates compel brands to manage collection systems, finance recycling schemes, and ensure that their products can be reused or transformed into secondary raw materials. Because these policies differ significantly across jurisdictions, luxury brands must navigate varying obligations in key markets such as the European Union, the United States, Japan, and several

emerging economies. This regulatory heterogeneity poses operational challenges, particularly for companies with complex global supply chains and diverse product portfolios. The European Union has emerged as a global leader in regulating sustainability and circularity within the textile and apparel sector. Initiatives such as the EU Green Deal, the Circular Economy Action Plan, and the Ecodesign for Sustainable Products Regulation set stringent expectations for durability, recyclability, repairability, and material transparency. For luxury fashion brands exporting into the EU, compliance increasingly requires detailed disclosure of material composition, carbon footprint, and environmental performance. Digital product passports electronic records that accompany garments across borders—are expected to become a mandatory component of international trade with the EU, transforming how brands track, authenticate, and report sustainability attributes throughout a product's lifecycle. These regulations will reshape not only production but also marketing strategies, distribution models, and post-sale operations of luxury firms [6].

In addition to environmental requirements, global customs and trade regulations play a growing role in shaping the movement of circular fashion goods across borders. The resale, refurbishment, and rental of luxury products challenge traditional customs classifications that were designed for linear consumption patterns. Border control agencies must now distinguish between new, used, refurbished, and repurposed goods each of which may fall under different tariff structures, documentation requirements, and health and safety regulations. This complexity is especially prominent in secondary luxury markets, where pre-owned goods frequently move between countries via digital platforms. Regulatory inconsistencies across nations create uncertainty regarding taxes, duties, and import/export documentation, which can impede the seamless flow of circular goods and raise compliance costs for businesses.

Sustainability-oriented trade agreements are also emerging as powerful regulatory instruments. Bilateral and multilateral trade agreements increasingly include environmental chapters that encourage or mandate adherence to

sustainability standards, including responsible sourcing, emissions reduction, and circular economy principles. These agreements can influence how luxury brands structure their global supply chains, determining where they source materials, where they produce finished goods, and how they manage waste streams abroad. At the same time, non-compliance with environmental provisions may result in trade disputes, import restrictions, or financial penalties, increasing the importance of regulatory literacy within the luxury sector. Intellectual property rights introduce an additional regulatory dimension relevant to circular fashion. As brands engage in repair, refurbishment, and resale activities, issues arise regarding trademark protection, product authenticity, and ownership of design rights. Luxury houses seek to ensure that circular initiatives do not compromise brand integrity, counterfeit protections, or exclusive design privileges. Consequently, the regulatory interface between circularity and intellectual property becomes increasingly significant, particularly in secondary markets where authenticity verification is essential for maintaining trust among consumers and regulators. Waste shipment regulations represent another challenge for circular fashion, affecting the global movement of textile waste, recycled fibres, and post-consumer products. International agreements such as the Basel Convention impose strict controls on the transboundary movement of waste materials, limiting the ability of brands to export textile waste to countries with insufficient recycling infrastructure. These restrictions encourage localised recycling and the development of domestic circular ecosystems, but they also complicate global recycling operations that luxury companies have relied upon in the past [7].

The regulatory environment surrounding international trade and circular fashion is evolving toward a stricter and more coherent system that integrates environmental sustainability into every stage of the global value chain. For luxury brands, adapting to this environment requires an in-depth understanding of legal obligations across multiple jurisdictions, substantial investment in compliance systems, and the development of innovative technologies that ensure full traceability and lifecycle transparency. The interplay between trade policy, environmental

regulation, and circular economy principles is reshaping the rules of global commerce, compelling luxury fashion houses to adopt more resilient, accountable, and sustainable business models that align with emerging international standards.

Conclusions to Chapter 1

This chapter has established a comprehensive theoretical foundation for understanding circular fashion as an integral component of contemporary international trade, particularly within the luxury industry. By examining the conceptual underpinnings, economic implications, and regulatory dimensions of circular fashion, the chapter demonstrates that circularity is not merely an environmental trend but a systemic transformation that reshapes global value chains, business models, and trade governance structures.

The analysis in Section 1.1 highlights that circular fashion represents a fundamental departure from the traditional linear production paradigm, replacing the "take–make–dispose" logic with a regenerative system focused on durability, reuse, repair, and resource efficiency. Within international trade, this shift has far-reaching implications, as luxury fashion brands operate across complex, transnational supply networks influenced by environmental regulations, digital trade platforms, and evolving consumer expectations. Circular fashion redefines how value is created and retained in global markets, particularly through secondary and resale channels that extend product life cycles beyond the point of first sale. The theoretical integration of resource efficiency theory, ecological economics, and institutional economics underscores that circular fashion is embedded in a multidimensional framework where environmental constraints, economic incentives, and regulatory institutions jointly shape trade flows and competitive dynamics. As demonstrated, luxury goods challenge conventional assumptions about depreciation by maintaining or increasing value in international second-hand markets, thereby altering established economic models of consumption and exchange.

Section 1.2 further develops this framework by assessing the benefits and challenges of applying circular economy principles within the luxury industry. The findings indicate that circularity offers substantial strategic advantages, including reduced reliance on virgin resources, enhanced supply chain resilience, strengthened brand equity, and diversified revenue streams through resale, refurbishment, and rental models. These benefits are particularly significant in the context of international trade, where luxury brands face increasing exposure to geopolitical risks, raw material volatility, and sustainability-driven market pressures. At the same time, the section demonstrates that the transition to circular business models is accompanied by considerable complexity. Structural supply chain redesign, high investment requirements, technological limitations, regulatory fragmentation, and tensions between accessibility and exclusivity present significant barriers to implementation. The analysis confirms that successful adoption of circular economy practices requires not only technological innovation but also organisational transformation and strategic alignment of sustainability objectives with core brand values.

Section 1.3 complements the economic and conceptual discussion by analysing the regulatory environment governing circular fashion in international trade. The chapter illustrates that regulatory frameworks are evolving toward stricter, more binding sustainability requirements that directly affect how luxury brands design, produce, distribute, and circulate their products across borders. Extended producer responsibility policies, environmental provisions in trade agreements, waste shipment regulations, and intellectual property considerations collectively redefine the rules of global commerce. The European Union's leadership in circular regulation, particularly through initiatives such as digital product passports and ecodesign standards, exemplifies how regulatory convergence can drive systemic change across international markets. At the same time, regulatory heterogeneity across jurisdictions increases compliance costs and operational complexity, reinforcing the need for advanced traceability systems and legal expertise within luxury firms.

Overall, this chapter demonstrates that circular fashion in international trade constitutes a multifaceted theoretical domain where environmental sustainability, economic strategy, technological innovation, and regulatory governance are deeply interconnected. For the luxury industry, circularity emerges as both a strategic necessity and a source of long-term competitive advantage in an increasingly sustainability-driven global economy. By redefining production systems, extending product life cycles, and embedding environmental responsibility into international trade practices, circular fashion establishes a new analytical framework for evaluating how luxury brands can maintain global relevance while contributing to a more resilient and sustainable international trade ecosystem. This theoretical foundation provides a critical basis for further analysis of practical implementation, economic impact, and strategic outcomes of circular fashion models in the global luxury market.

2 ANALYSIS OF LUXURY FASHION AND CIRCULARITY AT THE MICRO AND MACRO LEVELS

2.1 Companies` Circular Fashion Initiatives and Approaches

The analysis of circularity within the luxury fashion sector requires a simultaneous examination of both micro-level dynamics occurring within individual firms and consumer interactions, and macro-level forces that shape the global economic, regulatory, and socio-cultural environment in which the industry operates. Understanding these two layers together provides a comprehensive view of how circular fashion transforms business models, production systems, and competitive strategies, while also contributing to broader structural changes in international trade, environmental governance, and global consumption patterns.

At the micro level, luxury fashion firms experience circularity as a catalyst for strategic reorientation and operational restructuring. Circular models force brands to reconsider traditional assumptions about product life cycles, supply chain design, and value creation. High-end fashion houses increasingly integrate durability, repairability, and material traceability into their design philosophies, shifting from seasonal product turnover toward models that emphasise longevity and repeated circulation. This shift requires internal investments in new technologies such as digital product passports, advanced recycling systems, and authentication tools that support brand-controlled resale and refurbishment platforms. At the same time, luxury firms must actively manage their relationships with consumers, who now play a central role in maintaining product life cycles through conscious purchasing, garment care, and participation in take-back or trade-in programmes. As consumer expectations evolve, brands find themselves redefining exclusivity to align with the values of sustainability, craftsmanship, and authentic long-term ownership. For luxury companies, circularity becomes both a commercial strategy and a cultural

transformation, reshaping internal mindsets, organisational structures, and design processes. On the production side, micro-level circularity introduces the need for enhanced supply chain transparency, which compels luxury brands to collaborate more closely with suppliers and manufacturers across borders. Traceability technologies such as blockchain and RFID tracking embed information directly into garments, enabling firms to verify the origins of materials, monitor environmental performance, and comply with increasingly strict cross-border regulations. These innovations allow brands to reduce operational risks, strengthen trust with consumers, and ensure that circularity is not merely a marketing practice but a verifiable structural commitment. They also enable more efficient use of raw materials by supporting repair services, refurbishing operations, and fibre-to-fibre recycling mechanisms that depend on accurate information about product composition [8].

At the macro level, circularity in luxury fashion is shaped by global economic pressures, political commitments to environmental sustainability, and shifting cultural attitudes toward consumption. International institutions such as the European Union, the United Nations, and the World Trade Organization increasingly emphasise ecological responsibility as part of global economic governance, prompting countries to introduce regulatory frameworks that encourage or mandate circular practices. These include policies on recycled material content, carbon border adjustment mechanisms, extended producer responsibility schemes, and prohibitions on the export of textile waste. Such regulations influence the cost structures, trade patterns, and strategic priorities of luxury brands engaged in international commerce. As sustainability becomes embedded in trade agreements and border procedures, circularity evolves from a voluntary business initiative into a prerequisite for market access and competitive survival.

The macroeconomic landscape also reveals how circular fashion influences global labour markets and resource flows. The adoption of circular systems encourages localisation of certain production and recycling processes, which can reduce dependence on resource-intensive global supply chains and mitigate the

environmental footprint associated with long-distance shipping and material extraction. However, this shift also has consequences for countries traditionally dependent on textile manufacturing, whose economic structures must adapt to new competitive realities driven by automation, recycling technology, and changing consumer demand. As circularity becomes an international norm, new global value chains emerge—ones that rely more heavily on renewable materials, regenerative agriculture, low-carbon logistics, and technology-driven resource recovery.

Cultural transformations at the macro level further reinforce circularity as a defining feature of the modern luxury market. Generational changes in consumer values, especially among Millennials and Generation Z, elevate sustainability from a secondary preference to a primary purchasing criterion. These shifts alter the symbolic meaning of luxury goods in global society. Instead of representing excess or disposability, luxury increasingly becomes associated with responsible consumption, ethical sourcing, and the enduring quality of products built to last. The growing prominence of digital resale platforms with transnational reach amplifies these cultural shifts by normalising second-hand luxury consumption and expanding the global circulation of pre-owned high-end goods. This evolution alters the structure of international trade, redistributing economic value across geographical regions and introducing new actors, such as authentication providers and digital marketplaces, into the luxury ecosystem. By examining circularity through both micro and macro lenses, it becomes clear that the luxury fashion industry is undergoing a profound transformation driven by intersecting economic, regulatory, technological, and cultural forces. At the firm level, circularity reshapes design strategies, supply chain management, and consumer engagement. At the global level, it redefines trade patterns, regulatory expectations, and social norms surrounding luxury consumption. Together, these dynamics illustrate that circularity is not merely an operational adjustment or marketing trend, but rather a structural paradigm that is redesigning the foundations of luxury fashion and repositioning the industry within a rapidly evolving global economy [9].

Table 2.1 – Comparative Characteristics of Circularity in Luxury Fashion at the Micro and Macro Levels

Dimension	Micro Level (Firm & Consumer Level)	Macro Level (Industry & Global Economy)
Core Focus	Transformation of brand strategies, product design, and consumer behaviour toward durability and reuse	Structural changes in global trade, regulatory frameworks, and international sustainability standards
Primary Drivers	Innovation in materials, product traceability, consumer demand for sustainable luxury, internal corporate policies	Government regulations, global environmental commitments, cultural shifts, international trade agreements
Operational Implications	Adoption of repair, resale, refurbishment, and take-back programmes; investment in circular design	Development of circular supply chains, eco-regulations across borders, integration of recycling infrastructure
Economic Effects	Cost reduction through resource efficiency, new revenue via resale and rental models, enhanced brand loyalty	Reconfiguration of global value chains, reduced dependency on virgin resources, growth of cross-border second-hand markets
Technological Requirements	Digital product passports, blockchain traceability, textile recycling technologies	Harmonised digital standards, international certification systems, low-carbon logistics and waste-control infrastructures
Challenges	High initial investment, organisational resistance, balancing exclusivity with accessibility in circular models	Regulatory fragmentation, uneven global recycling capacity, trade barriers for used and refurbished goods
Long-Term Outcomes	Strengthened brand identity, extended product lifecycles, resilient consumer relationships	More sustainable international trade ecosystem, institutionalisation of circular norms, reduced environmental footprint globally

Source: Author's compilation based on [1, 2, 8, 9, 18]

This table compares how circularity manifests at the micro and macro levels within the luxury fashion industry. At the micro level, the focus lies on internal company transformations, including product design that prioritises longevity, integration of repair and resale services, and the cultivation of sustainable consumer behaviour. Firms rely heavily on technological innovations such as digital product passports and advanced recycling systems to enable new circular business models. These activities directly influence brand identity, operational efficiency, and long-term customer loyalty. At the macro level, circularity operates within a much broader landscape shaped by global regulations, trade policies, and cultural expectations surrounding sustainability. Governments and international organisations increasingly introduce environmental standards that luxury brands must follow when selling products across borders. These regulatory pressures contribute to the restructuring of global value chains and the emergence of new international markets for refurbished and second-hand luxury goods. Although this evolution creates opportunities for economic diversification and resource efficiency, it also introduces challenges related to trade barriers, uneven recycling capacity, and inconsistencies between national regulatory systems [10].

Overall, the table illustrates that circularity in luxury fashion is driven by interconnected processes occurring within firms and across global markets. While micro-level changes influence the economic strategies of individual brands, macro-level conditions determine the structural feasibility and international dynamics of circular practices. Together, these perspectives reveal how circularity is reshaping both the internal mechanisms of luxury fashion companies and the broader international trade environment.

Companies` Circular Fashion Initiatives and Approaches. Circular fashion initiatives undertaken by luxury companies increasingly reflect a strategic shift toward business models that prioritize resource efficiency, extended product lifecycles and sustainable value creation. Many leading brands are now integrating circularity into their core operations through product design choices, supply chain restructuring and new consumer-facing platforms that encourage reuse and

responsible consumption. This shift is driven not only by environmental pressures and regulatory changes but also by evolving customer expectations, as affluent consumers become more conscious of the socio-environmental footprint of luxury production and are willing to engage with brands that demonstrate responsible innovation. Luxury companies have begun investing in materials that minimize waste from the earliest stages of production, opting for regenerative textiles, bio-engineered fibers and recycled high-quality inputs that maintain the aesthetic and tactile standards of the luxury segment. Such materials allow brands to create collections that meet sustainability criteria without compromising craftsmanship or exclusivity, reinforcing the narrative that sustainability and luxury are fully compatible. Alongside material innovation, companies are also improving manufacturing processes by implementing closed-loop systems that recover fabric scraps, redirect them into new product lines and reduce dependency on virgin materials [11].

Another central focus of circular approaches in luxury fashion concerns the extension of product lifespans through repair, refurbishment and take-back programs. Brands are expanding repair ateliers, offering lifelong maintenance services and developing in-house restoration workshops that preserve the quality and value of signature items. These services enhance long-term customer relationships, create additional revenue streams and reduce the volume of discarded products. By encouraging consumers to return used items, companies gain access to high-quality materials suitable for upcycling or resale, creating new circular loops internally.

The growing popularity of luxury resale also demonstrates how brands adapt their business models to align with circular economy principles. Companies increasingly collaborate with certified resale platforms or launch their own authenticated pre-owned marketplaces to maintain brand control and ensure consistent quality standards. This approach helps luxury brands capture value from secondary markets that were previously dominated by independent resellers. It also strengthens consumer trust, as authenticated resale services guarantee product originality and maintain stable price dynamics on the secondary market. Digital

technologies further enhance circular initiatives by improving traceability and transparency. Blockchain-based product passports allow companies to store information about the origin, materials, repair history and environmental impact of each item. These passports guide consumers in responsible purchasing decisions while helping brands comply with emerging regulatory frameworks. They also facilitate the return, refurbishment and resale of products by ensuring clear tracking of ownership and authenticity throughout the item's lifecycle. Circular strategies are also visible in collaborative industry projects that bring together luxury brands, suppliers and sustainability-focused organizations. Through shared research, innovation networks and cross-industry pilot programs, companies accelerate progress toward recyclable fibers, low-impact dyes, biodegradable materials and standardized sustainability metrics. Such collaborations demonstrate that circularity in luxury fashion extends beyond individual corporate actions and increasingly functions as a systemic industry-wide transformation [12].

Ultimately, circular fashion initiatives in luxury companies highlight a shift from linear production models towards regenerative systems that prioritize durability, resource preservation and long-term economic resilience. These approaches allow brands not only to reduce environmental harm but also to reinforce their market leadership by aligning heritage craftsmanship with modern sustainability expectations [13].

Table 2.2 – Key Circular Fashion Approaches Implemented by Luxury Companies

Aspect	Company Approach	Purpose	Economic Impact
Material Innovation	Use of regenerative, recycled, or bio-engineered luxury textiles	Reduce reliance on virgin raw materials and lower environmental footprint	Decreased material costs over time, enhanced brand value through sustainability positioning

Continuation of table 2.2

Design for Longevity	Creation of products with durable construction, modularity, and timeless aesthetics	Extend product lifespan and reduce product turnover	Higher customer loyalty and reduced returns; premium pricing justified by durability
Take-Back & Repair Programs	In-house repair studios, lifelong maintenance, restoration workshops	Preserve product quality, reduce waste and encourage long-term ownership	New revenue streams from services; increased customer retention
Upcycling & Refurbishment	Transformation of returned or unsold items into new collections	Create value from existing materials while minimizing waste	Reduced inventory losses; profitable limited-edition collections
Luxury Resale Platforms	Brand-operated or partnered authenticated resale marketplaces	Enable controlled participation in the secondary market	Access to new consumer segments and additional profit from pre-owned goods
Digital Product Passports	Blockchain-based traceability systems documenting material origin, repair history, and authenticity	Support transparency, regulatory compliance, and efficient product lifecycle management	Reduced counterfeiting losses; streamlined product returns and refurbishment
Collaborative Sustainability Projects	Cross-industry partnerships on recyclable fibers, biodegradable materials, and low-impact dyes	Accelerate innovation and set industry-wide standards	Shared R&D costs; faster adoption of circular technologies

Source: Author's compilation based on [36]

This table summarizes the principal circular fashion strategies adopted by leading luxury companies and highlights their broader economic implications. The first column identifies major aspects of circularity, such as material innovation,

design for longevity, and the implementation of digital product passports. The second column outlines how companies apply these approaches in practice, emphasizing actions like integrating recycled materials, offering repair services, participating in resale markets, and collaborating on industry-wide sustainability projects. The third column explains the objectives behind each approach, showing that circular initiatives not only address environmental concerns but also aim to extend product lifecycles, reduce waste and improve supply chain transparency. The final column focuses on economic outcomes, illustrating how circularity contributes to long-term financial sustainability. For example, repair programs create new service-based revenue, resale platforms expand market reach and traceability technologies help luxury brands maintain value by reducing the prevalence of counterfeit products. The table demonstrates how circular fashion strategies align closely with economic, environmental and brand-building goals, positioning luxury companies to strengthen competitiveness while advancing sustainability in international trade [14].

2.2 Consumer Behavior & Demand for Sustainable Luxury

Consumer behavior within the luxury fashion sector is undergoing a profound transformation as sustainability becomes a defining factor in purchasing decisions. The contemporary luxury consumer increasingly evaluates brands not only on the exclusivity, craftsmanship and heritage they offer but also on the ethical and environmental responsibility embedded in their business practices. This shift is especially visible among younger affluent consumers, who tend to prioritize values such as transparency, carbon footprint reduction and circularity when assessing the appeal of a brand. As a result, sustainable luxury is evolving from a niche preference into a mainstream expectation, pushing companies to adapt their value propositions accordingly [15].

Demand for sustainable luxury is also shaped by rising awareness of the environmental impacts associated with traditional fashion production, including textile waste, water usage and greenhouse gas emissions. Consumers who once viewed luxury as inherently responsible due to its emphasis on quality and durability now recognize that exclusivity alone does not guarantee sustainability. This awareness encourages them to seek brands that demonstrate genuine commitment through measurable initiatives such as the use of recycled materials, repair services, investment in regenerative agriculture and participation in circular business models. The willingness to support such brands reflects a broader societal trend toward conscious consumption, where personal identity and lifestyle choices are closely connected to ecological and ethical considerations. Perceived authenticity plays a central role in shaping consumer trust and loyalty in sustainable luxury markets. Buyers are highly sensitive to greenwashing and expect detailed disclosure about supply chain practices, sourcing of materials, environmental certification and the long-term sustainability goals of the company. Luxury brands that offer full traceability, publish sustainability reports and communicate their initiatives transparently tend to build stronger emotional connections with consumers. This transparency reassures customers of the brand's integrity, making them more willing to invest in premium products aligned with their values. The purchasing behavior of sustainable luxury consumers is further influenced by their interest in longevity and responsible ownership. Many customers seek products designed to endure, preferring items that can be repaired, restored or resold rather than disposed of quickly. This change in expectations supports the growth of circular consumption models, including luxury resale platforms and rental services. By participating in these models, consumers extend the functional life of products while preserving the symbolic value associated with luxury ownership. Furthermore, the growing popularity of second-hand luxury demonstrates that sustainability can coexist with exclusivity, as pre-owned items retain significant cultural and economic value [16].

Digital innovation also plays a significant role in shaping demand for sustainable luxury, as consumers increasingly rely on digital tools to verify

authenticity, trace product history and assess environmental performance. Blockchain-based product passports, eco-impact calculators and AI-driven recommendations help consumers navigate the complexity of sustainability claims. These tools empower buyers with data-driven insights, making sustainability a more tangible component of their decision-making process. The evolution of consumer behavior and demand for sustainable luxury reflects an intersection of environmental consciousness, technological change and shifting value priorities. Modern luxury consumers are not simply purchasing a product; they are investing in a narrative of responsibility, longevity and ethical refinement. Brands that successfully integrate sustainability into their identity and operations are positioned to strengthen competitiveness, foster deeper loyalty and align themselves with the future direction of international luxury markets [17].

Table 2.3 – Factors Influencing Consumer Demand for Sustainable Luxury

Dimension	Consumer Behavior Pattern	Underlying Motivation	Impact on Luxury Brands
Value Orientation	Preference for brands demonstrating environmental responsibility and ethical production	Desire to align personal identity with sustainability values	Brand differentiation becomes tied to transparent sustainability performance
Perception of Authenticity	Higher trust in brands that communicate sustainability efforts clearly and verify claims	Avoidance of greenwashing and demand for traceability	Increased need for credible certification, reporting, and digital product passports
Longevity-Based Consumption	Interest in long-lasting, repairable, and high-quality products	Shift from status-driven to purpose-driven ownership	Brands must emphasize craftsmanship, durability, and repair services

Continuation of the table 2.3

Engagement in Circular Models	Participation in resale, rental, refurbishment, and take-back programs	Desire to reduce waste while retaining access to luxury goods	Expansion of secondary markets controlled or partnered by luxury brands
Technological Interaction	Use of digital tools to assess environmental impact and check product authenticity	Need for reliable data when making sustainable choices	Adoption of blockchain, traceability apps, and eco-impact metrics
Generational Influence	Younger luxury consumers prioritize sustainability more heavily in purchasing decisions	Social norms centered on responsibility and climate awareness	Brands must adapt communication strategies to resonate with Gen Z and Millennials

Source: Author's compilation based on [12 – 14]

This table summarizes the main factors shaping modern consumer behavior within the sustainable luxury segment and illustrates how these factors influence strategic decisions across luxury brands. The first column identifies key dimensions, such as value orientation, authenticity perception, longevity-focused consumption and generational influence, which collectively define how consumers evaluate sustainable luxury products. The second column describes specific behavioral patterns that emerge from these dimensions, emphasizing that contemporary consumers actively seek responsible brands, engage in circular models and rely on digital technologies to guide their choices.

The third column provides insight into the motivations behind these behaviors. For instance, many consumers pursue sustainable luxury to align their self-identity with ethical values, avoid brands associated with greenwashing and reduce the environmental impact of their consumption habits. These motivations explain why transparency, traceability and measurable sustainability commitments

are becoming essential components of luxury brand credibility. The final column illustrates the implications for luxury companies. Brands must adjust their operations and marketing strategies by integrating advanced traceability tools, supporting circular business models and offering products designed for longevity. They must also tailor communication to a new generation of consumers who equate luxury not only with exclusivity but also with responsibility. Overall, the table demonstrates how evolving consumer behavior drives fundamental changes in luxury business models and strengthens the global shift toward sustainable and circular fashion practices [18].

2.3 Profitability of Circular Fashion in Luxury and Global Trade Challenges

The profitability of circular fashion within the luxury sector is becoming increasingly evident as brands recognize that sustainable innovation can generate long-term financial value rather than merely representing a compliance obligation. Luxury companies, unlike mass-market brands, operate within a business environment where high margins, strong brand loyalty and slower production cycles create favorable conditions for implementing circular strategies profitably. As these brands adopt repair services, resale programs, material recovery systems and traceability technologies, they are forming new revenue streams while reducing operational risks linked to volatile raw-material markets and tightening environmental regulations [19].

The table provides a structured overview of the main factors that contribute to the profitability of circular fashion in the luxury industry. Each row highlights a distinct source of financial value, demonstrating how circularity generates both immediate economic benefits and long-term competitive advantages.

Table 2.4 – Key Profit Drivers of Circular Fashion in the Luxury Sector

Profit Driver	Mechanism of Value Creation	Short-Term Financial Effect	Long-Term Economic Impact
Extended Product Lifecycle	Revenue from repair, refurbishment, and certified resale of existing luxury items	Additional income from service-based offerings and restored goods	Stable multi-phase revenue streams from products retained within the brand ecosystem
Material Recovery & Waste Reduction	Reuse of fabric scraps, reclaimed materials, and recycled high-quality inputs	Lower costs associated with sourcing virgin materials and disposing of waste	Improved supply-chain resilience and reduced exposure to raw-material price volatility
Controlled Luxury Resale Markets	Monetization of secondary markets through brand-operated or partnered resale platforms	Immediate profits from authenticated pre-owned sales	Expansion of customer base and increased brand loyalty among price-sensitive luxury consumers
Sustainability-Driven Brand Equity	Strengthened consumer trust due to transparent sustainability practices and circular innovations	Ability to maintain or raise premium pricing without demand loss	Enhanced competitive positioning and long-term brand value growth
Technological Efficiency	Use of blockchain, product passports, and data-driven lifecycle tracking	Reduced operational losses from counterfeits, mismanaged inventory, and inefficient returns	Optimized logistics, traceability, and production planning that minimize inventory risks
Collaborative Innovation Networks	Shared R&D, joint material development, and cross-industry circular initiatives	Lower initial investment costs for adopting new sustainable technologies	Faster scalability of circular models and reduced long-term innovation expenses

Source: Author's compilation based on [2, 8]

The first column identifies specific profit drivers, such as extended product lifecycles, material recovery, brand-operated resale markets, and sustainability-driven brand equity. These drivers reflect the multidimensional nature of circular fashion, which influences production, marketing, supply chain management and overall brand strategy. The second column explains how each profit driver creates value. For example, the extension of product lifecycles enables luxury brands to earn revenue beyond the initial sale through repair services, refurbishment and resale. Similarly, technological tools like blockchain and digital product passports help streamline authentication and lifecycle management, reducing losses linked to counterfeiting and inefficient operations. The third column outlines short-term financial outcomes, including reduced material costs, higher service-based revenue and improved operational efficiency. These outcomes show how circular practices can quickly enhance a company's financial performance, even before long-term changes take full effect. The fourth column highlights long-term economic impacts, such as improved brand resilience, expanded customer bases and greater protection against market fluctuations. These benefits illustrate how circularity strengthens strategic stability by diversifying revenue streams, enhancing customer loyalty and lowering environmental and regulatory risks [20].

A key driver of profitability is the ability of circular models to extend the economic life of luxury products. High-quality items, when repaired, refurbished or resold, continue generating revenue long after the initial purchase. Many luxury brands have begun monetizing these additional lifecycle phases by opening certified resale platforms where restored items can be sold at significant margins. Because luxury goods maintain high residual value, resale ecosystems become particularly lucrative: brands can recapture value from previously lost secondary markets, attract new customer segments and stimulate demand for both pre-owned and new collections. Older items, once viewed as depreciated assets, transform into profitable components of the brand's circular portfolio. Operational efficiency also contributes to profitability, especially through reduced material waste and an increased use of recycled or regenerated inputs. Since luxury production often relies on rare or

resource-intensive materials, implementing circular approaches helps mitigate cost volatility and supply chain risks. Closed-loop systems that collect fabric scraps or reclaim materials from returned products reduce dependence on virgin inputs while lowering disposal costs. In the long run, these efficiencies enhance financial stability by buffering brands against market fluctuations and resource scarcity. Furthermore, adopting low-impact processes can reduce carbon-related fees and regulatory penalties as sustainability legislation becomes more stringent [21].

Brand equity plays an equally significant role in profitability. Consumers increasingly reward brands that embody environmental and social responsibility, and this shift in demand elevates companies that lead in circular innovation. When sustainability becomes integrated into the brand's identity, it not only strengthens customer loyalty but also justifies premium pricing. Circular practices such as lifetime repair services, full product traceability and high-quality refurbished items create a perception of long-term value that reinforces luxury's core promise of durability and exclusivity. As a result, circularity enhances both financial and reputational capital, giving pioneering brands a competitive advantage in global markets.

Investment in technology further contributes to profit growth. Digital product passports, blockchain-authenticated resale and sophisticated inventory-tracking systems allow companies to operate circular frameworks more efficiently, reducing fraud, improving authentication processes and enabling data-driven decision-making. These innovations optimize logistics related to returns, repairs and refurbishment, lowering operational costs while strengthening customer trust. In addition, advanced data collection allows brands to understand consumer preferences more accurately and adjust production volumes accordingly, which minimizes overproduction and prevents costly inventory write-offs. Collaborative initiatives also influence the profitability of circular luxury. When companies join forces with innovators, suppliers and research institutions, they gain access to new materials, recycling technologies and standardized practices without bearing the full cost of development. Shared investment in innovation accelerates industry-wide

progress while lowering individual R&D expenses. These collaborations help create scalable circular solutions that would otherwise be financially inaccessible for single companies operating independently [22].

The profitability of circular fashion in the luxury sector lies in its capacity to transform sustainability into an integrated business strategy that supports long-term economic resilience. By reducing waste, opening secondary markets, enhancing brand loyalty and stabilizing supply chains, circular models enable luxury companies to thrive in an evolving global environment. Rather than competing with economic objectives, circularity becomes a powerful tool that reinforces financial performance while aligning the industry with future expectations of responsibility and innovation.

The expansion of circular luxury models into international markets encounters numerous trade-related challenges that complicate the movement of goods, materials and refurbished products across borders. While luxury brands increasingly embrace resale platforms, take-back programs and circular material flows, the global trade system was originally designed for linear production structures, making many circular operations difficult to integrate into existing regulatory frameworks. As a result, companies must navigate a fragmented landscape of customs rules, product classifications and environmental standards that vary widely across jurisdictions. These inconsistencies create operational uncertainty, raise compliance costs and slow the international scaling of circular business models [23].

One of the most significant challenges involves the classification of circular goods within international trade codes. Many customs systems still lack clear categories for refurbished, repaired or upcycled luxury items, forcing companies to classify them either as new goods or as waste materials. This ambiguity can result in higher tariffs, unexpected duties or even import restrictions, depending on how individual customs authorities interpret the items. For luxury brands attempting to circulate products across multiple repair centers and resale hubs, this lack of standardized classification adds considerable financial and administrative burdens. It also complicates efforts to establish global take-back programs, as returned items

may face restrictions or additional inspections when crossing borders. Differences in environmental regulations further intensify these trade complexities. Countries implement sustainability laws at different speeds and with varying levels of strictness, making it challenging for luxury companies to maintain consistent circular strategies internationally. For example, extended producer responsibility (EPR) rules may require brands to manage product waste in one region but not in another, leading to discrepancies in recycling obligations, documentation requirements and reporting standards. These regulatory disparities create operational fragmentation, forcing companies to tailor their circular processes to match the legal frameworks of each market, often at significant cost. Supply chain transparency requirements also create complications when luxury goods move through multiple countries. Digital product passports, which are becoming central to circular luxury strategies, require detailed documentation of materials, labor processes and environmental impacts. However, not all trading partners possess the technological infrastructure or legal frameworks to support these systems. This mismatch can prevent seamless data exchange and create bottlenecks in customs clearance. In cases where traceability data is incomplete or incompatible with local regulations, brands risk delays, penalties or restricted market access. As governments adopt increasingly strict traceability legislation, luxury companies must invest heavily in global digital interoperability to avoid supply chain disruptions [24].

Another challenge stems from the treatment of secondary markets and pre-owned luxury items. While resale platforms are central to circular luxury, not all countries regulate second-hand goods uniformly. Some regions impose hygiene or safety requirements that complicate the import of refurbished items, while others treat pre-owned products as high-risk goods requiring special inspections. In markets where counterfeit concerns are high, customs authorities may scrutinize pre-owned luxury items much more rigorously, slowing down trade flows and raising the risk of seizure. These regulatory barriers make it difficult for brands to operate unified global resale ecosystems and limit the international mobility of authenticated pre-owned goods.

Logistical barriers also play a major role. Circular luxury models rely on reverse logistics systems in which goods are shipped back to brand facilities for repair, refurbishment or recycling. International reverse logistics are often more costly and less efficient than forward logistics, as they require specialized handling, additional customs documentation and higher coordination between carriers, inspectors and brand-operated service centers. For luxury goods, which often include high-value materials, the risk of damage or theft increases during these reverse movements, raising insurance costs and complicating transportation planning [25].

Economic disparities between markets further hinder the global development of circular luxury. Some countries lack sufficient recycling infrastructure, advanced repair facilities or access to sustainable raw materials, which limits the ability of luxury brands to implement fully circular supply chains in those regions. The absence of local circular capabilities means that materials or products must be shipped internationally for processing, adding costs and emissions that counteract some sustainability benefits. These limitations also make it challenging for brands to expand circular initiatives into emerging markets where demand for luxury is rising but circular ecosystems remain underdeveloped.

Geopolitical tensions and trade protectionism create uncertainty for globally distributed circular operations. Tariff disputes, shifting trade agreements and the introduction of border carbon adjustments can disrupt material flows or increase operational costs for circular processes involving multiple countries. Luxury companies that rely on international networks for repair, recycling and resale must constantly adapt to evolving trade environments, balancing sustainability goals with the practical constraints of global commerce. Global trade challenges in circular luxury reflect the tension between innovative business models and traditional regulatory systems. To scale circularity internationally, luxury brands must navigate a complex matrix of customs rules, environmental regulations, technological requirements and logistical barriers. These challenges underscore the need for more harmonized global standards, increased investment in circular infrastructure and closer collaboration between governments, industry associations and luxury

companies. Only through such coordinated efforts can circular luxury achieve its full economic and environmental potential on a global scale [26].

Conclusions to Chapter 2

This chapter has provided a comprehensive analysis of how circularity is being implemented, experienced, and evaluated within the luxury fashion industry across both micro and macro levels. By examining company strategies, consumer behavior, profitability mechanisms, and global trade challenges, the chapter demonstrates that circular fashion in the luxury sector is a multidimensional phenomenon that simultaneously reshapes internal business operations and the broader international trade environment.

At the micro level, the analysis shows that circularity has become a key driver of strategic transformation within luxury companies. Firms increasingly redesign products to prioritize durability, traceability, and long-term use, while integrating repair services, take-back programs, refurbishment processes, and brand-controlled resale platforms into their core business models. These initiatives reflect a shift away from linear production toward regenerative systems that retain value over multiple product life cycles. Technological innovation plays a central enabling role in this transition, as digital product passports, blockchain traceability, and advanced recycling systems allow companies to manage circular flows efficiently, ensure regulatory compliance, and strengthen consumer trust. At the same time, circularity reshapes the relationship between brands and consumers, positioning customers as active participants in maintaining product longevity and value.

From a macro-level perspective, circular luxury fashion is deeply influenced by global regulatory, economic, and cultural forces. International sustainability agendas, environmental regulations, and trade policies increasingly define the conditions under which luxury brands operate across borders.

Regulatory measures such as extended producer responsibility schemes, waste export restrictions, and traceability requirements embed circularity into international trade frameworks, transforming it from a voluntary initiative into a structural market requirement. These changes contribute to the reconfiguration of global value chains, encouraging localization of recycling and repair activities while simultaneously creating new cross-border markets for pre-owned and refurbished luxury goods. Cultural shifts further reinforce this transformation, as sustainability becomes a central element of luxury consumption and alters the symbolic meaning of high-end products in global society.

The chapter also demonstrates that consumer behavior plays a decisive role in accelerating circularity within the luxury sector. Growing demand for sustainable luxury, driven by heightened environmental awareness, authenticity expectations, and generational value shifts, compels brands to integrate transparency, longevity, and ethical responsibility into their value propositions. Consumers increasingly favor products designed to endure, engage with resale and repair models, and rely on digital tools to verify sustainability claims. This evolution in demand not only supports circular business models but also reshapes competitive dynamics, requiring luxury brands to align heritage craftsmanship with modern sustainability narratives.

Importantly, the analysis confirms that circular fashion can be economically profitable for luxury companies. Circular strategies generate value by extending product lifecycles, reducing material costs, monetizing secondary markets, enhancing brand equity, and improving operational efficiency through technology. High-quality luxury goods retain residual value, making resale, refurbishment, and service-based models particularly effective in creating recurring revenue streams. Collaborative innovation and shared investment further support profitability by lowering development costs and accelerating the adoption of circular technologies. In this context, sustainability and financial

performance are shown to be mutually reinforcing rather than contradictory objectives.

At the same time, the chapter identifies significant global trade challenges that constrain the international scaling of circular luxury models. Regulatory fragmentation, inconsistent customs classifications, uneven recycling infrastructure, logistical complexity, and geopolitical uncertainty complicate cross-border circular operations. The lack of harmonized standards for refurbished and pre-owned goods, combined with varying environmental and traceability requirements, increases compliance costs and operational risks for luxury brands. These barriers highlight the structural tension between innovative circular business models and trade systems originally designed for linear production.

Overall, this chapter demonstrates that circularity in luxury fashion represents a structural transformation that operates across interconnected micro and macro dimensions. At the firm level, it reshapes design, supply chains, consumer engagement, and profitability strategies. At the global level, it redefines trade patterns, regulatory expectations, and cultural norms surrounding luxury consumption. Together, these dynamics illustrate that circular fashion is not a marginal adjustment but a foundational shift in how the luxury industry creates value and participates in international trade. This analytical framework provides a critical basis for evaluating the economic impact, strategic potential, and future scalability of circular fashion within the global luxury market.

3 FUTURE OF CIRCULAR FASHION IN THE LUXURY INDUSTRY

3.1 Regulatory Trends & Trade Policy Impact.

The future of circular fashion in the luxury industry is shaped by a convergence of technological innovation, evolving consumer expectations and increasingly ambitious global sustainability policies. As luxury brands continue to integrate circularity into their core business strategies, the sector is expected to undergo a profound transformation that redefines how products are designed, produced, distributed and experienced. This transition is driven by a growing recognition that long-term competitiveness depends not only on creative excellence and exclusivity but also on a company's ability to manage resources responsibly, minimize waste and operate within planetary boundaries. In the coming years, circularity will no longer be viewed as an optional enhancement but as an essential pillar of luxury identity. One of the most influential developments shaping the future of circular luxury is the widespread implementation of digital product passports. These systems, supported by blockchain or advanced cloud-based infrastructure, will allow every luxury item to carry a detailed record of its origin, material composition, manufacturing processes and full lifecycle journey. As global regulations increasingly require full supply chain transparency, digital product passports will become a standard tool for brands to verify sustainability claims, authenticate pre-owned goods and facilitate efficient repair, refurbishment and recycling processes. This technological shift will help luxury companies overcome current trade barriers and streamline the global movement of circular goods. Luxury design practices will also evolve to embrace circular principles from the earliest stages of product development. Future collections are likely to be built around modular components, detachable elements and recyclable mono-materials that make repair and disassembly significantly more efficient. With advancements in material science, brands will gain access to bio-based fabrics, lab-grown alternatives and regenerated fibers that meet the high aesthetic and tactile standards of the luxury

segment. As these materials become more commercially viable, the industry will move toward a regenerative model in which waste is minimized and natural ecosystems are supported through restorative sourcing practices [27].

Circular business models, including resale, rental and take-back programs, will expand rapidly as luxury companies increasingly internalize secondary markets rather than leaving them to third-party resellers. Owning the resale ecosystem allows brands to maintain control over product authentication, pricing strategies and customer experience while unlocking new revenue streams. In the future, luxury resale is expected to become as strategically important as primary retail, serving as a gateway for younger consumers, strengthening long-term brand loyalty and providing valuable data on product durability and customer preferences. Rental platforms may also gain prominence, especially for high-impact categories like eveningwear, enabling consumers to access luxury fashion without contributing to overconsumption [28].

Repair and restoration services will become integral to luxury business operations, with more brands investing in highly specialized ateliers dedicated to prolonging the lifespan of their products. As repair becomes a standard part of luxury ownership, the emotional value of products will increase, reinforcing the association between luxury and longevity rather than constant acquisition. This evolution aligns perfectly with circularity's core principles and supports more sustainable consumption patterns among affluent consumers worldwide.

This table provides a structured overview of the forces that will shape the future of circular fashion in the luxury industry, presenting how technological, regulatory and consumer-driven transformations are likely to redefine global luxury business operations.

Table 3.1 – Key Drivers Shaping the Future of Circular Fashion in the Luxury Industry

Future Driver	Expected Transformation	Strategic Implications for Luxury Brands	Long-Term Industry Impact
Digital Product Passports	Implementation of item-level traceability covering origin, materials, ownership history and end-of-life pathways	Enhanced authentication, smoother cross-border movement of refurbished goods and improved regulatory compliance	Global coordination of circular trade flows and reduced counterfeit risks
Advanced Material Innovation	Adoption of regenerative, bio-based, lab-grown and fully recyclable luxury fabrics	Ability to offer sustainable collections without compromising quality or aesthetics	Reduction of environmental footprint and diversification of material supply chains
Expansion of Resale and Rental Models	Integration of certified resale platforms and high-end rental services into official brand ecosystems	Recapturing secondary market revenue while attracting younger and sustainability-driven consumers	Resale becoming a mainstream revenue pillar equal to primary retail
Luxury Repair & Restoration Ecosystems	Establishment of specialized repair ateliers and lifetime service programs	Stronger consumer loyalty through long-term value preservation and product longevity	Shift from consumptive ownership to responsible stewardship of luxury goods
Global Policy Harmonization	Alignment of sustainability standards, waste regulations and traceability requirements across major markets	Reduced administrative barriers and more efficient international circular supply chains	Global scalability of fully circular luxury business models
Consumer-Led Sustainability Expectations	Rising demand for transparency, ethical sourcing and measurable impact in luxury purchases	Necessity for detailed sustainability reporting, lifecycle disclosure and value-driven branding	Repositioning of circularity as a core component of luxury identity

Source: Author's compilation based on [30, 32]

The first column identifies pivotal future drivers, including digital product passports, material innovation, expanded resale ecosystems, sophisticated repair networks, policy harmonization and shifts in consumer expectations. These drivers capture how the industry is moving toward highly transparent, technologically integrated and environmentally responsible systems.

The second column outlines the transformations expected from each driver. For instance, digital product passports will enable seamless tracking of every luxury item, ensuring transparency throughout its lifecycle. Meanwhile, advances in material science will make sustainable fabrics compatible with the premium quality standards required by luxury brands, allowing circular design principles to be integrated from the earliest stages of product development. The third column highlights strategic implications for luxury brands. As resale and rental models grow, companies will increasingly internalize secondary markets to maintain control over product authentication and pricing. They will also need to invest in repair ateliers to extend product longevity and reinforce the emotional and functional value associated with luxury ownership. In addition, global policy changes will force brands to adapt their logistics, documentation systems and cross-border operations to meet evolving regulatory requirements. The final column demonstrates the long-term impact on the entire industry. Over time, circular business models will become fully normalized, reshaping the economic foundations of luxury fashion. The adoption of traceability technologies will reduce counterfeiting and improve consumer trust, while the widespread expansion of circular markets will diversify revenue streams and make luxury brands more resilient to resource scarcity and environmental pressures. Ultimately, circularity will become not just a sustainability strategy but a defining characteristic of luxury identity in the global marketplace [29].

On a global scale, the future of circular luxury will depend heavily on policy harmonization and collaborative innovation. International organizations and governments are increasingly prioritizing waste reduction, carbon neutrality and sustainable material standards, prompting luxury companies to work more closely

with regulators, suppliers and research institutions. Joint initiatives will accelerate the development of next-generation recycling technologies, standardized traceability systems and shared frameworks for managing circular supply chains across borders. As regulatory ecosystems become more aligned, circular luxury will gain the stability necessary to scale globally.

Consumer behavior will play a decisive role in shaping the sector's future. As environmental awareness deepens, both established luxury buyers and new generations of consumers will continue demanding transparency, responsibility and measurable impact from the brands they support. This societal shift will push companies to adopt more ambitious targets for emissions reduction, waste elimination and ethical supply chain governance. In response, brands will increasingly market sustainability as a form of cultural and aesthetic value, positioning circularity as a marker of modern luxury identity. The future of circular fashion in the luxury industry points toward a more technologically advanced, ethically grounded and economically resilient ecosystem. Luxury brands that embrace circularity as a foundation for innovation will not only minimize environmental harm but also create new sources of cultural relevance and competitive strength. In the decades to come, circularity is set to redefine luxury by connecting craftsmanship, responsibility and long-term value in ways that align with global sustainability ambitions and the expectations of a new generation of conscious consumers [30].

Regulatory trends and trade policies are increasingly influencing the development of circular fashion in the luxury segment, as global governments move from voluntary environmental standards to mandatory regulations that change the entire value chain. In the European Union, this transformation is particularly noticeable thanks to the European Green Deal, Ecodesign Regulations and initiatives aimed at controlling textile waste. The new requirements directly affect the production of premium brands, forcing them to document the use of materials, confirm the origin of resource-intensive components and ensure the possibility of further processing of finished products. Luxury companies, which have traditionally

focused on uniqueness and durability, are faced with the need to integrate traceability at the level of blockchain solutions and digital product passports, which is now becoming not just a brand innovation, but a regulatory requirement. In the field of international trade, the impact of the policy is evident in the increase in customs inspections related to “green” criteria, as well as in the introduction of environmental tariffs that change the competitive balance between producing countries. Many countries are starting to apply taxes on the carbon footprint of imported goods, which is particularly noticeable for the luxury fashion segment, which actively involves global production networks and transports materials between continents. Manufacturers that do not invest enough in low-carbon technologies face increasing costs and losing market positions, while companies with sustainable design and circular models can access preferential customs conditions [31].

Table 3.2 – Regulatory Trends & Trade Policy Impact on Circular Luxury Fashion

Regulatory / Trade Area	**Key Requirements for Luxury Brands**	**Impact on Circularity Models**	**Challenges for Global Trade**
EU Ecodesign & Digital Product Passports (DPP)	Mandatory transparency on materials, supply chains, recyclability, product durability	Encourages circular design, easier reuse and recycling, supports authentication of resale items	Differences with non-EU markets complicate export; increased compliance documentation
Extended Producer Responsibility (EPR) for Textiles	Financial and operational responsibility for textile waste, including take-back and recycling schemes	Incentivizes long-life products, repair services, and closed-loop systems	Higher cost of exporting to regions without EPR; potential trade distortions

Continuation of the table 3.2

Carbon Border Adjustment Mechanisms (CBAM) & Green Tariffs	Proof of low-carbon production and transport for goods entering the market	Motivates investment in low-emission logistics and renewable materials	Increased import tariffs for carbon-intensive materials; cost pressure on global supply chains
Regulations on Second-Hand and Resale Trade	Strict verification of authenticity, origin, and ownership; cross-border rules for used luxury items	Supports expansion of resale, refurbishment, and rental segments	Customs restrictions on used goods; variation in resale regulations by country
Chemical and Material Restrictions (REACH, global equivalents)	Limits hazardous dyes, finishes, and coatings; strict testing requirements	Promotes safer and more recyclable materials across luxury collections	Slower sourcing from suppliers that cannot meet compliance; fragmented global standards
Trade Policies Supporting Sustainable Innovation	Access to green financing, tax incentives, and preferential treatment for certified sustainable goods	Encourages scaling circular production and advanced recycling technologies	Uneven adoption across regions leads to regulatory asymmetry and uncertainty

Source: Author's compilation based on [32, 34]

The table outlines how contemporary regulatory trends and international trade policies are reshaping the luxury fashion sector as it transitions toward circularity. European regulations such as Ecodesign and Digital Product Passports introduce rigorous transparency requirements, compelling luxury brands to disclose detailed information about materials, production processes and recyclability. These policies directly support circular business models by enabling easier authentication of items in resale markets and simplifying the traceability of textiles throughout their life

cycle. However, they also create new burdens for brands exporting from regions without equivalent regulations, as documentation and compliance obligations increase significantly. Extended Producer Responsibility introduces additional pressure on brands by making them responsible for the post-consumer phase of their products, which encourages them to design longer-lasting items and create repair or take-back programs. Although this promotes genuine circularity, it complicates global trade because similar policies are not universally applied, resulting in uneven cost structures for companies operating in multiple markets. Green tariffs and carbon-adjustment mechanisms further intensify this issue: while they incentivize cleaner production, they also raise import costs for suppliers that rely on carbon-intensive manufacturing or long-distance logistics [32].

Regulation of second-hand luxury goods is becoming equally influential, as governments begin to impose strict rules for cross-border resale. Authenticity verification and documentation requirements strengthen the circular economy by reducing counterfeits and improving trust in resale platforms, but they simultaneously restrict international movement of pre-owned goods, affecting both consumers and brands offering buy-back or refurbishment services. Chemical restrictions and material standards contribute to safer, more recyclable luxury products, yet inconsistent global regulations lead to delays in sourcing and necessitate more complex supply-chain management.

It is also noticeable that governments are gradually moving towards implementing regulations that regulate the secondary market of the luxury segment, including the resale, repair and refurbishment of premium products. At the trade policy level, this means regulating the cross-border movement of second-hand goods, which is growing as a share of the industry's total turnover, and requiring companies to ensure the legal origin of products that are returned to circulation within the framework of circular models. Such requirements increase brands' responsibility for the full life cycle of products, change their interaction with resale platforms and repair shops, and also shape new standards of transparency in the luxury sector. There is a growing trend for countries to coordinate environmental

standards among themselves to avoid trade conflicts and provide uniform rules for multinational companies. However, regional differences remain: the EU is moving towards strict mandatory requirements, while the US and Asia rely more on market incentives and self-regulation. For luxury brands, this means the need to create flexible compliance strategies, adapting product lines and logistics chains to different requirements depending on the market. Ultimately, regulatory trends and trade policies become a key factor determining the speed of the transition to a circular economy in the luxury sector, as they create motivational and financial frameworks that either accelerate the implementation of innovations or create additional barriers for companies that are not ready for systemic change [33].

3.2 Ukraine's place in the international fashion brand market

Ukraine’s place in the international fashion brand market is increasingly shaped by a combination of cultural resilience, creative identity formation and gradual integration into global supply and distribution networks. Although the country is not yet positioned as a dominant global fashion hub comparable to Paris, Milan or New York, it has gained significant visibility due to the rise of independent designers, the internationalization of domestic brands and a distinctive aesthetic rooted in craftsmanship, heritage motifs and contemporary reinterpretations of traditional culture. Ukrainian fashion is becoming recognized for its ability to merge artisanal embroidery, handwoven textiles and minimalist design philosophies with global sustainability trends, giving local brands a unique competitive edge in a market seeking authenticity and cultural substance.

In recent years, Ukraine has developed a growing ecosystem of fashion entrepreneurs who have succeeded in entering prestigious global markets through digital channels, concept stores and international fashion weeks. Brands such as Bevza, Litkovska, Ksenia Schnaider and Poustovit have been showcased on runways from New York to Paris, demonstrating that Ukrainian designers are capable of producing collections that meet the aesthetic and quality expectations of

international luxury buyers. Their rise has been supported by a strong internal creative community, collaborations with European retailers and an emerging manufacturing sector that combines cost efficiency with high-quality textile production. Many Ukrainian factories have begun modernizing their processes to align with sustainability requirements, making the country an increasingly attractive partner for European fashion companies seeking nearshoring solutions. Ukraine's strategic geographical position also enhances its relevance in the international fashion market. Its proximity to the European Union has enabled strong trade relationships, particularly through preferential access mechanisms that simplify the movement of goods and reduce logistical barriers for brands entering EU markets. This has encouraged the export of garments, footwear and accessories produced in Ukraine, leading to a steady expansion of the country's presence in global supply chains. Furthermore, the rise of e-commerce platforms has enabled Ukrainian brands to reach customers across North America, East Asia and the Middle East without relying solely on traditional retail distribution [34].

The turbulent geopolitical context has paradoxically strengthened Ukraine's symbolic visibility in global fashion. International fashion houses, media outlets and retailers have drawn attention to Ukrainian designers as part of broader cultural support initiatives, giving local brands platforms that would have taken decades to access under normal market conditions. The narrative of resilience, national identity and craftsmanship has become a powerful storytelling tool that resonates with global luxury consumers increasingly seeking meaning and values behind the products they purchase.

Despite this momentum, Ukraine still encounters structural challenges that limit its full integration into the international luxury market. Issues such as limited access to investment capital, infrastructure disruptions, supply-chain instability and the need for further technological modernization create barriers to scaling production. However, the country's potential remains significant, particularly as global fashion shifts toward sustainability, transparency and ethically grounded branding. Ukrainian designers are well positioned to contribute to these trends due

to their focus on handcraft, upcycling, slow fashion and the preservation of cultural techniques.

Ukraine's place in the international fashion brand market is defined by a dynamic mix of creative innovation, rising global visibility, strategic geographic advantages and a narrative of cultural identity that resonates with modern luxury consumers. As global fashion continues to diversify and embrace sustainability, Ukraine has the opportunity to transform itself from a niche creative player into an influential and competitive contributor to the international fashion ecosystem.

Table 3.3 – Key Factors Shaping Ukraine's Position in the International Fashion Brand Market

Dimension	Current Status in Ukraine	Influence on Global Market Position	Long-Term Strategic Potential
Creative Identity & Design Innovation	Strong presence of designers with recognizable aesthetics rooted in heritage, craftsmanship and minimalism	Distinguishes Ukrainian brands in competitive markets seeking authenticity and cultural depth	Ability to develop a globally identifiable "Ukrainian fashion signature" comparable to Scandinavian or Japanese style codes
Integration into Global Fashion Events	Regular participation in Paris, Milan, Copenhagen and New York Fashion Weeks by leading Ukrainian brands	Expands visibility among buyers, media and international retailers	Growth of export-oriented branding and deeper integration into global luxury circuits
Manufacturing & Production Capacity	Skilled textile and garment production sector with competitive labor costs and growing sustainability practices	Attracts international brands seeking nearshoring alternatives to Asia	Potential to become a regional production hub for Central and Eastern Europe
E-Commerce & Digital Expansion	Rapid adoption of international online platforms and strong performance in D2C channels	Enables Ukrainian brands to bypass traditional retail barriers and access global consumers directly	Opportunity to scale exports through digital-first strategies and cross-border e-commerce

Continuation of the table 3.3

Cultural Branding & Global Visibility	Increased attention from global media, retailers and cultural institutions due to geopolitical context and creative resilience	Enhances brand storytelling and emotional connection with international consumers	Potential for Ukraine to build soft power through its fashion identity
Trade Relations & Geographic Position	Close proximity to the EU and simplified trade mechanisms for textile exports	Supports efficient logistics and reduces entry barriers for European markets	Opportunity to strengthen economic ties with EU fashion supply chains
Economic & Infrastructural Challenges	Limited investment capital, logistical disruptions and uneven industrial modernization	Slows large-scale expansion and hinders full integration into luxury global supply chains	With stabilization and investment, Ukraine could substantially increase its production and export capabilities

Source: Author's compilation based on [29, 30]

This table highlights the structural, creative and economic factors that define Ukraine's evolving position in the global fashion market. The first dimension focuses on creative identity, where Ukraine stands out for its synthesis of craftsmanship, cultural symbolism and modern minimalist design. These elements appeal to global luxury consumers who increasingly seek authenticity, uniqueness and meaningful storytelling behind their fashion choices. As a result, Ukrainian designers are carving out a recognizable aesthetic that differentiates them from larger fashion markets. The second dimension addresses international fashion events, which serve as strategic gateways into the global industry. Ukrainian brands that present at major fashion weeks gain exposure to buyers, investors and media outlets, significantly improving their chances of entering luxury retail networks. This exposure strengthens Ukraine's position as an emerging creative center and enhances its reputation among international fashion professionals [35].

Manufacturing and production capacity represent another central factor. Ukraine's textile and garment industry offers high-quality craftsmanship combined

with competitive production costs. This has begun to attract European brands searching for sustainable and geographically closer production alternatives. With additional investment in modernization and compliance with EU sustainability regulations, Ukraine could become an important production node within the European supply chain.

Digital expansion plays an increasingly vital role. Many Ukrainian fashion companies have successfully embraced e-commerce platforms, enabling them to reach consumers in North America, Europe, Asia and the Middle East without relying on costly physical retail. Digital channels have therefore become not only a sales mechanism but also a tool for global positioning and brand equity building. Cultural branding has also become a powerful asset. The global fashion community has shown strong support for Ukrainian creativity, leading to increased visibility and recognition. This attention has enabled designers to embed cultural resilience and national identity into their marketing and storytelling strategies, strengthening their international appeal. Trade relations and geographic proximity to the European Union create additional advantages. Shorter transport routes, reduced duties and trade facilitation frameworks make it easier for Ukrainian brands to compete with producers in more distant regions [36].

Ukraine still faces significant challenges, such as limited access to financing, infrastructural disruptions and supply-chain instability. These issues constrain large-scale growth and prevent many brands from expanding at the pace required to compete with global luxury leaders. Nevertheless, Ukraine’s long-term potential remains substantial. With strategic investment and continuous development, the country could expand its influence in both the creative and industrial segments of the international fashion market.

3.3 Ways to increase the competitiveness of Ukrainian fashion brands in European markets

Ways to increase the competitiveness of Ukrainian fashion brands in European markets rely on strengthening both the creative identity of the brands and the structural capabilities that determine their long-term performance. Ukrainian designers already possess a distinctive aesthetic language that resonates with European consumers who value authenticity, craftsmanship and meaningful cultural narratives. However, translating creative potential into sustained competitiveness requires deeper integration into European distribution networks, compliance with rigorous sustainability standards and investments in production efficiency. Ukrainian fashion brands can become significantly more competitive when they align their design language with the expectations of European luxury and premium buyers, while simultaneously preserving the cultural originality that sets them apart [37].

One of the most effective ways to expand competitiveness is the strategic enhancement of brand transparency and sustainability credentials, as European markets increasingly prioritize traceability, circularity and environmental responsibility. Ukrainian companies that adopt digital product passports, certified eco-friendly materials and verifiable supply-chain documentation will not only meet EU regulations but also position themselves as forward-thinking, ethical alternatives to established Western brands. Strengthening sustainability infrastructure—such as implementing take-back programs, repair services or upcycling models—allows brands to tap into the growing segment of European consumers who actively choose socially responsible fashion. Moreover, certification through EU-recognized environmental labels builds trust and removes barriers for entering high-end retail platforms. Competitiveness can also be increased by expanding participation in European fashion weeks, trade fairs and showrooms, which serve as the gateways to wholesale partnerships and long-term contracts with influential buyers. Consistent presence in European creative capital cities helps Ukrainian brands establish

stronger relationships with international agents, digital retailers, luxury boutiques and press representatives. As European markets tend to rely heavily on relationship-building and credibility within professional networks, strengthening these connections is essential for Ukrainian brands that aim to broaden their visibility and distribution channels across the EU. Another important factor involves optimizing production capacity to meet European expectations in lead times, quality control and sustainable manufacturing. Investments in technological modernization, automation and eco-certified production practices enable Ukrainian manufacturers to position themselves as reliable nearshoring partners for European fashion companies seeking alternatives to Asian supply chains. This dual role—as both a creative and production-oriented partner enhances Ukraine's attractiveness as a fashion ecosystem and elevates the international reputation of domestic brands. Furthermore, collaboration between designers and modernized factories strengthens the ability of brands to produce high-quality collections that meet the durability, finishing and material standards expected in European fashion segments [38].

Digital transformation also plays a crucial role in increasing competitiveness. Ukrainian brands that develop strong multilingual e-commerce platforms, utilize AI-driven personalization tools and implement advanced digital marketing strategies are better positioned to reach European consumers directly. Social media storytelling, influencer collaborations and targeted campaigns can effectively communicate the uniqueness of Ukrainian craftsmanship and cultural identity, particularly to younger European audiences who prioritize authenticity and narrative-driven branding. Successful digital strategies allow Ukrainian brands to overcome traditional retail limitations and expand their presence in European markets without excessive upfront investment.

Long-term competitiveness depends as well on strengthening logistical reliability and reducing trade-related risks. Establishing partnerships with European fulfillment centers, optimizing shipping routes and integrating with EU-based distribution hubs improves delivery times and reduces operational uncertainty. These improvements enhance customer satisfaction and increase the likelihood of

repeat purchases, an essential factor for brand loyalty within highly saturated European fashion markets. The competitiveness of Ukrainian fashion brands in Europe will grow through a combination of creative differentiation, regulatory alignment, technological modernization and strategic market integration. As European consumers increasingly value sustainability, transparency, cultural authenticity and responsible production, Ukrainian fashion is uniquely positioned to fulfill these expectations. With sustained investment in innovation, logistics, branding and collaborative European partnerships, Ukrainian fashion brands can not only secure a stable position in European markets but also evolve into influential players within the global fashion landscape [39].

Table 3.4 – Strategic Factors for Increasing the Competitiveness of Ukrainian Fashion Brands in European Markets

Strategic Area	Required Actions for Ukrainian Brands	Expected Competitive Advantages in the EU	Long-Term Market Outcomes
Brand Positioning & Identity	Development of distinctive storytelling based on cultural heritage, craftsmanship, sustainability and modern aesthetics	Stronger differentiation from mainstream European brands and improved emotional connection with consumers	Establishment of a recognizable Ukrainian fashion identity with high brand loyalty
Compliance with EU Quality & Sustainability Standards	Alignment with EU textile regulations, responsible sourcing, eco-certifications and implementation of transparent supply-chain practices	Greater trust from European buyers and retailers, as well as easier access to premium distribution channels	Strengthening of Ukraine's reputation as a reliable producer of ethically made, high-quality fashion
Integration into European Fashion Networks	Expanding presence at European fashion weeks, showrooms, trade fairs and industry collaborations	Increased visibility among retailers, investors, editors and influencers	Growth of transnational partnerships and deeper integration into the European fashion ecosystem

Continuation of the table 3.4

Product Modernization & Design Innovation	Investment in design R&D, material innovation, circular fashion models and limited-edition capsule collections	Enhanced ability to meet fast-evolving EU consumer expectations for sustainability, uniqueness and high craftsmanship	Long-term transition into a trend-setting rather than trend-following market role
Digital Expansion & Cross-Border E-Commerce	Development of multilingual online stores, logistics optimization for EU shipping, and partnerships with European marketplaces	Broader customer reach, lower entry barriers and direct access to EU consumer data insights	Establishment of strong digital brand equity and stable export-oriented online sales channels
Strengthening Production Capabilities	Modernization of textile factories, adoption of sustainable manufacturing technologies and improved quality control	Increased ability to offer competitive pricing while maintaining high quality	Potential emergence of Ukraine as a nearshoring manufacturing hub for European fashion
Financial Stability & Investment Attraction	Securing funding for expansion, EU grants, partnerships and strategic investors interested in sustainable fashion	Greater capacity to scale production, enter new markets and invest in brand development	Sustainable expansion and reduced vulnerability to economic fluctuations
Logistics & Supply Chain Adaptation	Optimization of transport routes to EU, collaboration with EU warehouses and implementation of traceability technologies	Faster delivery times, reduced shipping costs and improved overall reliability	Better competitiveness compared to non-European suppliers with longer supply chains

Source: Author's compilation based on [34, 37]

This table outlines the key strategic directions that can significantly enhance the competitiveness of Ukrainian fashion brands seeking long-term success in European markets. The first factor involves strengthening brand positioning through a clear and culturally distinctive identity. European consumers increasingly value

authenticity, heritage and meaningful storytelling, which places Ukrainian designers at an advantage due to their rich cultural background, artisanal techniques and unique aesthetic traditions. When effectively communicated, this identity creates strong differentiation and fosters emotional engagement with customers. Ensuring compliance with EU sustainability and quality standards is another crucial pillar. The European market is heavily regulated, particularly in areas such as chemical safety, textile labeling, waste reduction and responsible supply-chain management. By aligning with these standards and acquiring relevant certifications, Ukrainian brands gain the trust of European retailers, improve their credibility and access premium distribution channels more easily.

Integration into European fashion networks plays a major role in establishing visibility and legitimacy. Participation in fashion weeks, showrooms and industry fairs increases exposure to influential buyers, stylists and journalists. Such participation not only accelerates brand recognition but also promotes long-term relationships that facilitate export growth and collaborative projects.

Product modernization is also central to competitiveness. European consumers are highly responsive to innovation, sustainability and design originality. Investment in new materials, circular fashion models and creative capsule collections helps Ukrainian brands remain relevant and appealing within fast-changing market dynamics. Digital expansion provides a direct and cost-efficient pathway into the European market. Well-optimized cross-border e-commerce, multilingual websites and partnerships with European online marketplaces enable brands to sell internationally without depending exclusively on physical retailer networks. This enhances flexibility and reduces marketing barriers. Enhancing production capabilities strengthens the reliability and scalability of Ukrainian brands. More efficient factories, sustainable technologies and stronger quality control measures allow brands to compete with EU manufacturers while maintaining cost advantages. Over time, this can transform Ukraine into a preferred production partner for European labels [40].

Financial stability is another important dimension. Access to investment, grants and partnerships enables brands to scale operations, modernize infrastructure and expand into new EU regions. Without this stability, even creative and high-quality brands struggle to grow internationally.

Logistics and supply chain optimization ensure that Ukrainian brands can deliver products to European customers quickly and cost-effectively. Efficient transport routes, partnership with EU warehouses and the application of traceability technologies improve reliability and reduce delivery times, helping brands compete with both European and Asian suppliers.

Altogether, these strategic areas create a multidimensional pathway for Ukrainian fashion brands to strengthen their presence in European markets and establish themselves as competitive players within the broader international fashion landscape.

Conclusions to Chapter 3

This paragraph summarises the key insights of the chapter by highlighting how circularity, regulation and national competitiveness intersect within the contemporary fashion industry. The future of luxury fashion is increasingly defined by the integration of circular principles that reshape product design, material selection, business models and consumer engagement. Circularity is no longer positioned as a voluntary ethical choice but as a structural requirement driven by regulatory frameworks, trade policies and shifting consumer expectations. Technologies such as digital product passports, advanced traceability systems and innovative sustainable materials are becoming central to how luxury brands operate, trade and communicate value across global markets.

Regulatory trends and trade policies emerge as powerful accelerators of this transformation. European initiatives related to ecodesign, extended producer responsibility, carbon-related trade mechanisms and chemical safety standards directly influence how luxury brands structure their supply chains and manage

product lifecycles. These regulations encourage the development of repair, resale and recycling systems while simultaneously increasing the importance of compliance, documentation and transparency in international trade. Although regulatory fragmentation between regions creates operational challenges, policy harmonization is gradually enabling circular luxury models to scale globally and reduce barriers related to cross-border movement of both new and pre-owned goods.

Within this regulatory and economic environment, Ukraine's position in the international fashion market reflects a growing convergence between creative identity and sustainability-driven competitiveness. Ukrainian fashion brands distinguish themselves through craftsmanship, cultural heritage and contemporary design, while benefiting from geographic proximity to the European Union and expanding digital sales channels. Despite ongoing challenges related to infrastructure, investment and supply-chain stability, Ukrainian designers and manufacturers demonstrate strong potential to integrate into European fashion ecosystems, particularly as demand increases for ethically produced, transparent and culturally meaningful fashion.

The competitiveness of Ukrainian fashion brands in European markets depends on their ability to align creative originality with European regulatory standards, sustainability expectations and operational reliability. Strengthening brand storytelling, adopting circular fashion models, investing in sustainable production and optimizing logistics are essential steps toward long-term market integration. As European consumers increasingly value transparency, durability and responsible production, Ukrainian brands are well positioned to respond to these demands while preserving their distinct cultural identity. Overall, circularity functions as a unifying framework that connects luxury transformation, regulatory evolution and Ukraine's strategic opportunities, reinforcing the idea that future competitiveness in fashion will be defined by responsibility, innovation and long-term value rather than volume-driven growth.

CONCLUSIONS

The study of sustainability within international trade, with a particular focus on the economic impact of circular fashion models on luxury brands, demonstrates that the global fashion industry is undergoing a profound structural transformation driven by regulatory pressures, shifting consumer values and the strategic repositioning of luxury companies. Circular fashion, once considered an experimental alternative, has become a central framework influencing how brands design products, manage supply chains and engage with global markets. Luxury fashion, traditionally rooted in exclusivity, premium materials and long product cycles, is now redefining its value proposition through traceability, durability and responsible resource management. As a result, circular models have evolved from niche sustainability tools into economically significant strategies that shape trade patterns, pricing structures and international competitiveness.

The research shows that the theoretical foundations of circular economy principles intersect directly with the institutional architecture of international trade. Regulatory frameworks such as the EU Ecodesign Directive, Extended Producer Responsibility and Digital Product Passports not only enforce higher environmental standards but also redefine market access conditions for fashion brands worldwide. These mechanisms encourage the development of recyclable materials, transparent production pathways and authenticated resale markets, effectively transforming circularity into an essential factor of global competitiveness. At the same time, luxury brands are increasingly leveraging circular business models resale, repair, rental and refurbishment not simply to comply with legislation but to capture new revenue streams and strengthen long-term customer relationships. Analysis at both micro and macro levels illustrates that circularity reshapes operational performance and international positioning. At the microeconomic level, circular initiatives impact profitability through cost savings, extended product lifecycles and the monetization of secondary markets, while simultaneously reinforcing brand credibility among sustainability-minded consumers. At the macroeconomic level, circular fashion

influences trade flows, global supply-chain dynamics and the regulatory harmonization of major fashion economies, especially within Europe, North America and East Asia. The interplay between these scales highlights that circularity is no longer an isolated environmental concern but a key structural driver within the global fashion ecosystem.

The research also shows that consumer behavior plays a decisive role in the expansion of circular luxury fashion. Contemporary luxury buyers increasingly value transparency, ethical sourcing, craftsmanship and long-term product durability, prompting brands to integrate sustainability into their core identities. This shift strengthens demand for certified resale goods, repaired luxury pieces and products made from regenerative materials. Consequently, consumer-driven expectations reinforce the economic rationale for circular models, making them integral to brand differentiation and market resilience.

Ukraine's evolving integration into the international fashion landscape further underscores the relevance of circularity and sustainability within modern trade. Ukrainian designers and brands, characterized by strong cultural identity, craftsmanship and adaptability, have gained meaningful visibility across European and global markets. Their success, however, depends on continuous investment in sustainability practices, production modernization, regulatory alignment with EU standards and strategic international positioning. The country’s capacity to enhance competitiveness within European markets will rely on combining creative strengths with advanced sustainable technologies, transparent supply-chain management and a clear alignment with emerging circular fashion policies.

The research concludes that the future of luxury fashion will be defined by the depth of circular transformation adopted across design, production, distribution and post-purchase stages. Circular models offer measurable economic benefits, reduce environmental impact and strengthen resilience in a volatile global trade environment. The integration of digital product passports, advanced materials, green trade incentives and harmonized regulations will further accelerate this evolution, positioning sustainability not as a supplementary initiative but as a foundational

economic paradigm. Luxury brands that successfully internalize circularity at every level from creative direction to global logistics will not only gain competitive advantage but also shape the new architecture of international fashion trade.

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ДОДАТОК А

Декларація
академічної доброчесності
здобувача вищої освіти ЗНУ

Я, Ульяшин Ігор Андрійович, студент 2 курсу магістратури, форми навчання денна, факультету економічного, спеціальності 051 «Економіка», адреса електронної пошти i.a.ulyashin@gmail.com:

- підтверджую, що написана мною кваліфікаційна робота на тему «Sustainability in International Trade: The Economic Impact of Circular Fashion Models on Luxury Brands» відповідає вимогам академічної доброчесності та не містить порушень, що визначені у ст. 42 Закону України «Про освіту», зі змістом яких ознайомлена;

- заявляю, що надана мною для перевірки електронна версія роботи ідентичною її друкованій версії;

- згоден на перевірку моєї роботи на відповідність критеріям *академічної доброчесності у будь-який спосіб*, *у тому числі за допомогою* Інтернет-системи, а також на архівування роботи в базі даних цієї системи.

Дата_____ Підпис_____ Ульяшин І.А.

Дата_____ Підпис_____ Кусакова Ю. О.