



**USAID**  
FROM THE AMERICAN PEOPLE

**TAPRII**  
TECHNICAL ASSISTANCE  
FOR POLICY REFORM

# Textile and Apparel Labeling

November 2007

This publication was produced for review by the United States Agency for International Development. It was prepared by Nathan associates Inc.

# **Textile and Apparel Labeling**

TECHNICAL ASSISTANCE FOR POLICY REFORM II

CONTRACT NUMBER: 263-C-00-05-00063-00

BEARINGPOINT, INC.

USAID/EGYPT POLICY AND PRIVATE SECTOR OFFICE

NOVEMBER 2007

AUTHOR: PETER MINOR, LISA HILLMANN

NATHAN ASSOCIATES INC.

## DISCLAIMER:

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

# CONTENTS

<b>INTRODUCTION</b> .....	<b>1</b>
What is the purpose/objective of product labeling legislation?.....	1
How do countries achieve these objectives?.....	1
WTO Compliance, Importers, Domestic Industry and Competition .....	1
Comparison Case Countries .....	2
<b>TYPES OF LABELING</b> .....	<b>5</b>
Country of Origin .....	5
Fiber Content .....	7
Identity of Manufacturer, Importer or Dealer of Record .....	8
Documentation .....	9
Additional Indications.....	9
Mechanics of Labeling.....	11
<b>LEGAL FRAMEWORK</b> .....	<b>14</b>
Customs Requirements and Enforcement .....	14
<b>ENFORCEMENT</b> .....	<b>16</b>
Overview .....	16
Enforcement of Regulations at the Border .....	16
Enforcement of Competition Policy & Consumer Protection .....	17
<b>DESIGNING AN EGYPTIAN LABELING REGIME</b> .....	<b>18</b>
<b>APPENDIX X: BIBLIOGRAPHY / RESOURCES</b> .....	<b>1</b>
Canada 1 .....	1
United States .....	1
European Union.....	1

## **1.0 Introduction**

This report compares product labeling requirements affecting textiles and apparel destined for retail distribution, in selected countries with active trade in textile products. The information provides useful guidance for the development of product labeling. The report is divided into three sections: first, a general discussion of product labeling requirements in the selected case countries, the legal framework and requirements within each of those countries, and the compliance verification and enforcement mechanisms each employs.

### **1.1.1 What is the purpose/objective of product labeling legislation?**

Governments generally establish marking and labeling requirements for two purposes:

- first, to protect consumers by providing accurate information on product origin, construction, quality, and care; and
- to protect businesses from unfair competition deriving from false representations of product content, origin and quality.

In the case of textiles and apparel, considered trade sensitive in most economies, “consumer protection” and “protection from unfair competition” may also rise to the level of non-tariff restraints on trade that protect domestic industry from foreign competition. For example,, India’s rules are formulated under the guise of consumer protection, but the complex and detailed requirements have the effect of restricting imports. This extreme approach is not found in the more developed countries, whose effective labeling programs protect consumers and restrain non-competitive and deceptive trade practices, without imposing an unreasonable burden on trade.

### **1.1.2 How do countries achieve these objectives?**

Governments achieve the dual objectives of consumer protection and free and fair competition by enforcing product labeling legislation, either at the border, usually implemented by customs and revenue authorities, and through domestic enforcement of consumer protection, safety and fair competition laws. Below we go into further detail on the specific legislative requirements and provide a matrix that outlines the key legislating and enforcing agencies.

### **1.1.3 WTO Compliance, Importers, Domestic Industry and Competition**

Each of the countries covered in this study is a member of the WTO. Under article 3 of the GATT, adopted by the WTO, imports must be provided national treatment once they enter the importing country. The WTO Agreement on Technical Barriers to Trade (TBT) prohibits technical regulations (including labeling requirements) that create unnecessary obstacles to international trade. Such regulations may not be more restrictive than necessary to fulfill certain identified legitimate objectives, which include national security, prevention of deceptive practices or protection of human health and safety. Import regulations cannot unnecessarily provide an unfair advantage to domestic producers or treat imports in a manner that is discriminatory.

Each of the case countries has a domestic textiles industry and an interest in protecting that industry from imported goods. In order to maintain compliance with the WTO non-discrimination treatment, and to ensure marking requirements do not unfairly restrict imports, labeling requirements should apply equally to

domestic producers. Only in the case of origin labeling can customs officers require labeling that is not enforced on domestic producers, since origin labeling is covered generally under the WTO rules. Customs regulations often specify the mechanics of the origin label on imported goods, such as how it is secured, location, letter size, materials and inks. All other aspects of labeling, for fiber content, manufacturer identification, care, and flammability should be consistent for imported or domestic goods—although these requirements are usually enforced at the border by customs authorities on behalf of the domestic legislating and enforcement authorities. (Certain customs requirements, such as declaring fiber content for tariff classification purposes, are met through the import documentation/declaration but should agree with the fiber content on the product label.)

#### **1.1.4 Comparison Case Countries**

##### **1.1.4.1 Case Countries**

In order to capture the key practices most often applied in textile and apparel trade, we have limited the scope of discussion to a sample of leading importing countries including: U.S., EU, Canada, India and Brazil. These countries were identified by both the Egyptian Ministry of Trade and by TAPR II project staff as key import markets. A brief review of documentation and regulations quickly shows that the US and Canada have the most extensively documented institutional frameworks for textile and apparel labeling; we have drawn heavily from those resources since they clearly delineate special cases and procedures in a transparent manner. The EU has requirements which apply to all EU member states, notably origin and fiber content labeling<sup>1</sup>. This report does not delve into non-standard requirements of each member state, which may differ in the cases of size, eco and care labeling. Brazil, the largest importer in MERCOSUR, has very specific labeling requirements, enforced by their partner standards-setting agencies and is working to harmonize legislation concerning key labeling requirements throughout the MERCOSUR region<sup>2</sup>.

India stands apart in our case countries; it has non-transparent legislation and/or irregular enforcement of labeling requirements—India's labeling requirements show no balance between consumer protection and the management of trade and, as a result, its labeling laws have a decidedly trade limiting effect.

##### **1.1.4.2 Range of Textiles Products**

Textiles and apparel included within the scope of this report are listed in table 1 along with examples of textile and apparel products not included within the scope of this study. Table 1.

---

<sup>1</sup> For example, each EU member may specify the language of the label and labels indicating size. In other cases, countries such as Germany, specify eco recycling labels on all apparel packaging, including the boxes used to ship apparel, other EU member states do not specify eco-package labeling.

<sup>2</sup>

[http://emerging.tdctrade.com/content.aspx?data=emergingmkt\\_content\\_en&contentid=968604&w\\_sid=194&w\\_pid=1403&w\\_nid=13525&w\\_cid=968604&w\\_idt=1900-01-01&w\\_oid=167&w\\_jid=](http://emerging.tdctrade.com/content.aspx?data=emergingmkt_content_en&contentid=968604&w_sid=194&w_pid=1403&w_nid=13525&w_cid=968604&w_idt=1900-01-01&w_oid=167&w_jid=)

Table 1.

**Product Coverage and Scope**

<b>Products Covered in Scope of this Study</b>	<b>Products Not Covered in the Scope of This Study</b>
New, ready to wear apparel (shirts, blouses, pants, dresses, suits, jackets, scarves etc.)	Products of leather, rubber and plastic
Fabric sold to consumers in bolts and roles (not for commercial use)	Industrial textiles and apparel destined to be sold exclusively for use by employees of a firm, or for use in industry (e.g., industrial aprons)
Readymade home textiles – blankets, sheets, furniture coverings, carpets, rugs and curtains, towels and dish cloths	Hand woven rugs, prayer rugs or artisan products (often covered under special labeling requirements)
	Apparel or home textiles manufactured by a domestic company wholly engaged in export markets
	Second hand apparel
	Items for ornamentation, such as artificial flowers, and decoration
	Mops, wall paper, twine, cordage and rope made of textiles or fibers

Each country may choose to exempt certain products from labeling requirements. These cases usually occur when labeling is neither practical nor helpful in the pursuit of consumer protection and domestic competitiveness. For example, the aesthetic of an artificial flower could well be destroyed by labeling requirements, especially where the label was larger than the flower. Moreover, the addition of a label would likely add substantially to cost while detracting substantially from the value of the item. That said, customs-mandated country of origin marking generally still applies but may permit marking the container, or the attachment of a non-permanent paper label. Second hand apparel provides another interesting case where normal enforcement of labeling requirements is difficult to justify—except perhaps to notify the consumer that the product is indeed second hand. Textiles and apparel destined for industrial use are usually exempt from consumer or competition protection, as long as the industrial user is aware of the product specifications. Again, country of origin marking mandated by customs authorities generally still applies.

Product labeling requirements, beyond origin labeling, are often enforced only on products that are ready, or nearly ready, for final consumer use—labeling suit parts for assembly, such as inter-liners or cuffs, with individual origin, fiber and

care requirement would not be meaningful and would raise the costs of commerce.<sup>3</sup> However, a product that is in near-market ready condition and requires only simple alterations or additions such as sewing of buttons, embroidery, packaging or finishing might reasonably be required to be properly labeled before importation. In any case, an importer is expected to ensure the product, when finished, complies with all applicable marking regulations. Specific product distinctions and the consistent application of regulations influence the trade enhancing vs. trade limiting effects of labeling requirements. The intention of labeling should be to protect the consumer and encourage fair competition, not to unreasonably restrict trade, raise costs, or limit legitimate commerce.

#### **1.1.4.3 Report Outline and Types of Labeling**

The majority of countries considered here require three basic types of labeling—origin, fiber content and importer or manufacturer identification. Our report reflects this consistency. Supplemental labeling requirements, including product care instructions, flammability, and voluntary social labeling such as “fair trade” and “eco-labeling” are discussed. Finally, the mechanics of labeling (size, positioning, and inking), which play a key role in both consumer protection and ease of enforcement, are presented\_.

---

<sup>3</sup> Customs officers may require parts to be bundled, packaged and labeled in accordance with origin labeling requirements. In addition, customs officials may require work in progress to be accompanied by documentation specifying the origin, fiber content and other relevant data, though not labeled specifically on each piece. Roles of fabric destined for consumer use may be required to include labeling that is clear to the consumer at the time the fabric is cut from the role—such as on the end of a bolt or role.

## 2.0 Types of Labeling

In the case of readymade and ready to wear textiles and apparel, there are three primary categories of labeling information required by all of our case countries:

- country of origin;
- fiber content; and
- identity of manufacturer, or importer/distributor

The exact specifications of the labeling requirements vary among the countries. In addition to these three requirements, there is a range of additional labeling requirements that may be mandatory in one country but are optional or ignored by others. These include care labeling, size indications, and voluntary, market-position labeling such as eco-labeling. Below we address the three primary categories (content, origin and manufacturer/importer), followed by a brief discussion of the additional indications.

Table 2:

### Summary of Product Labeling Requirements

	United States	Canada	Brazil	India	European Union
<b>Origin</b>	Required	Required	Required	Required	Required
<b>Fiber Content</b>	Name and percentage weight of fibers in decreasing percentages (less than 5% by weight reported as "other") Single fiber-- no tolerance. Multiple fiber-- +/- 3% tolerance and exclusion of trim up to 15% of garment	Name and percentage weight of fibers in decreasing percentages Single fiber-- no tolerance. Multiple fiber-- +/- 3% tolerance exclusion of trim up to 5% of garment	Name and percentage weight of fibers in decreasing percentages	Required and complex, including yarn types, fabric type and fiber composition depending on product	Name of fibers listed in descending order. Single fiber- no tolerance. Multiple fiber-- +/- 3% tolerance
<b>Identity of Manufacturer/Importer</b>	Either manufacturer or importer Registered Identification Number optional	Either manufacturer or importer Name, address AND dealer identification number	Manufacture, importer, brand name or name and address AND corporate tax ID Number	Name and address of importer required	N/A

## 2.1 Country of Origin

Country of origin is the country of manufacture or production of an article. The definition of country of origin varies by country and is beyond the scope of this

report but can generally be summarized as the country where the article took on its current characteristics of name or use. Most countries require that every imported article must be marked with the country of origin unless there is a specific exception provided under law. Identifying the country of origin of an article has implications for both import administration (e.g., application of customs duties and quotas) and for consumer protection. Therefore, country of origin labeling may be required under legislation regulating trade and importation, and by also by the domestic authorities regulating commerce and competition. It is always advantageous when the two schemas are coordinated to reduce cost and burden on producers and importers and minimize confusion of the consumer.

In the United States, country of origin labeling is required by the domestic authority regulating competition and markets, the Federal Trade Commission (FTC), on all products for final sale (domestic and imported goods alike). The FTC does not require origin labeling on products in an intermediate stage of production<sup>4</sup>. However, under the Trade Act of 1930 (as amended) US Customs and Border Protection (USCBP), requires country of origin marks on all imported products, save for a few exceptions<sup>5</sup>. Moreover, requirements may include identifying foreign materials in domestic products, as explained below.

In Canada, origin is required on imported goods, but domestic goods. A manufacturer is not required to state that a domestic article is made of imported fabrics and is in this case not required to disclose the country of origin. If, however, the manufacturer chooses to state that the article is made with imported fabric or fiber, then the country of origin is required.

### **One stage processing**

Generally speaking, the country of origin of a product is determined based on the last country in which materials are substantially transformed into a new article of commerce. However, if the component materials are imported, more information may be required. In the United States, a manufacturer may use the label “Made in the U.S.A.” if all constituent parts originated in the U.S., but textiles or apparel products are made in the U.S. with imported materials, the label must specify that fact: “Made in the U.S.A. with imported fabric”. If the fiber was imported, and processed into fabric in the U.S., it is not necessary to provide that information because the component material (fabric) used in the manufacture of the end product (apparel) was made in the U.S.

If imported fabric is used to manufacture apparel or textile articles in the U.S. it is not usually necessary to identify the country where the fabric originated, except in the case of products where U.S. manufacturing is minimal. When little value is added in the manufacturing process, as with “made-ups”, sheets, towels, comforters, scarves, and napkins, the origin country of the fabric becomes important.

If a product is substantially manufactured in one country but finished in the U.S. that may be reflected on the label, e.g., “Made in Egypt, finished in U.S.A.”

---

<sup>4</sup> Work in progress does have to be accompanied with documentation stating country of origin, fiber content and other relevant information. Documentation must be maintained and must be provided with the documentation that is established when the garment is labeled for final sale. Documentation should include origin and fiber composition, as well as the name of the importer or manufacturer of record.

<sup>5</sup> <http://www.cbp.gov/linkhandler/cgov/toolbox/publications/trade/markingo.ctt/markingo.doc>

However, affixing such labeling prior to importation into the U.S. can be expected to create problems with USCBP as it is obvious that no U.S. processing has yet occurred. Fortunately, USCBP will issue rulings prior to shipment if there is confusion regarding marking requirements.

## **2.2 Fiber Content**

The disclosure of fiber content is integral to trade in textiles and apparel and it is incumbent upon the manufacturer to know, and to correctly report, fiber content in both documentation and on product labels. The legislation and regulations concerning fiber content can be particularly complex due to the multiple fiber and fabric constituent parts. While we summarize some effective approaches to fiber content labeling below, there are many exceptions to the rule in each of the case countries. The United States and Canada have the most comprehensive guides to their fiber labeling regulations, which they publish to serve as a guide for importers (see Bibliography for references).

In general, a label must state the generic name or names of the fibers, along with the percentages by weight of each of the constituent fibers in order of descending predominance.

When a blended fiber content is specified, there is a certain tolerance permitted on fiber content labels, in Canada +/- 3%, in the United States +/- 3% etc.. However, if a textile or garment is designated as being made of a single fiber (i.e. 100%, or "all"), no tolerance is permitted. (Note: for tariff classification purposes, with a close fiber blend such as 50/50 poly/cotton, the labeling tolerance does not carry over to the import declaration and extreme care must be taken to avoid conflicting classifications and tariff disputes.)

Ornamentation, trimming and linings are treated independently from the overall article, and generally must be disclosed if they contribute a significant amount of the fabric (in Canada, 5%, in the United States, 15%) or if they play a distinctive role in the product character.

### **2.2.1.1 Use of Generic Fiber Names**

There are two systems for identifying fiber names:

- the use of names recognized under international standard organizations (like the International Organization for Standardization – ISO<sup>6</sup>); and
- Systems by which proprietary names, or local names are certified on a national level without ISO certification.

In many cases, the names are similar in both systems, reducing the real compliance costs. The United States allows the two systems to run in parallel. The Federal Trade Commission accepts either the standard name accepted by the American National Standards Institute (ANSI) or the ISO standard name. If there is any doubt as to the acceptability of a particular fiber name, it is possible to obtain confirmation from USCBP prior to shipping.

Table 3

### **Fiber Contents Labeling Requirements**

---

<sup>6</sup> Standard 2976: 1999 (E), "Textiles – Man-made fibers – Generic Names"

	<b>United States</b>	<b>Canada</b>	<b>Brazil</b>	<b>India</b>	<b>European Union</b>
<b>Fiber Content</b>	Name and percentage weight of fibers in decreasing percentages Single fiber-- no tolerance. Multiple fiber-- +/- 3% tolerance and exclusion of trim up to 15% of garment	Name and percentage weight of fibers in decreasing percentages Single fiber-- no tolerance. Multiple fiber-- +/- 3% tolerance exclusion of trim up to 5% of garment	Name and percentage weight of fibers in decreasing percentages	Required and complex, including yarn types, fabric type and fiber composition depending on product	Name of fibers listed in descending order. Single fiber-- no tolerance. Multiple fiber-- +/- 3% tolerance
<b>Fiber Naming Schemes</b>	ISO and domestically approved Names (not marketing names)	Domestically approved names	Domestically approved names	Domestically approved names	Domestically approved names

Some countries, however, still only accept the nationally approved names. Section 26 of the Canadian Textiles Labeling and Advertising Regulations provides a specified list of approved generic man-made and natural fibers. In Brazil, Resolution No. 04 of 1/8/92 of the National Council of Metrology, Normalization and Industrial Quality (CONMETRO) lists and describes the names of 50 fibers and filaments which are to be indicated on the labels. Likewise fiber names to be employed in the European Union are specified in Directive 96/74/EC of the European Parliament and of the Council of 16 December 1996 on textiles names. Importantly, many of these domestic schemas utilize fiber names that are nearly identical with ISO specifications, but for a few exceptions, thereby reducing the costs with compliance. India stands as an exception, where not only the fibers must be specified, but fabric construction must be specified with domestically recognized names, not commonly applied elsewhere in the world.

### **2.3 Identity of Manufacturer, Importer or Dealer of Record**

The identity of the manufacturer, importer or dealer of record is a common labeling requirement for consumer product safety and for enforcement purposes. Identity information is important to identify the responsible party or manufacturer when an infraction is suspected (origin, fiber or validity of manufacturer of record). In the case of the United States, imported products can bear either the name of the foreign manufacturer, or the name or FTC-issued Registered Identification Number (RN) or Wool Products Labeling Act (WPL) number of the importer, the name or RN/WPL of the wholesaler, or the name or RN/WPL of the ultimate retailer (if the retailer has consented to such).

Because the U.S. allows the use of the responsible party's name, an RN or WPL number is not required to do business. By contrast, Canada requires that the responsible party<sup>7</sup> register for an identification number (a "CA Number") through the Competition Bureau. While the United States requires only the name, Canada and India require both name and full address, as does Brazil, except in the case of the use of a brand name. Brazil likewise requires a corporate tax ID number. In all cases, names should be associated with registered businesses. The EU does not require identity information to be included on a label.

By supplying a manufacturer, importer or dealer identification, there is a clear path to the party responsible. Ultimate responsibility for labeling violations may lie with other parties if an appropriate document trail leads to someone other than the brand owner or distributor. For example, the US allows manufacturers and dealers to register standing representations with consumer protection authorities, thereby providing buyers (including the buyer of record) an assurance that the producer or importer bears ultimate responsibility for certain labeling representations and violations.

In the US and Canada, if a product is to be relabeled with a new dealer of record, documentation of the original labeling must be maintained.

## **2.4 Documentation**

When a question of labeling violations arises, documentation is a key element in establishing responsibility. The parties should be able to trace a specific garment/style to its order and identify all relevant specifications, testing, and instructions to determine how the labeling language was established and to verify accuracy. Government agencies charged with oversight have authority to audit dealers, manufacturers or retailers to ascertain if reasonable steps are being taken to assure that labeling representations are valid.

In the US, documentation is required to be maintained for three years or, if the information is connected to an import transaction, for 5 years to satisfy USCBP.

## **2.5 Additional Indications**

In addition to the three primary requirements for textiles labeling mentioned above, some countries require additional labeling for care instructions, size, and flammability. In addition, some companies have adopted voluntary labeling regarding the product or the conditions under which it is produced. These may include identifying the use of organic materials, production under "fair trade" conditions, or certification by international organizations or conventions (e.g., Rugmark)<sup>8</sup>.

---

<sup>7</sup> The Canadian Textile Labeling Act uses the term "dealer" to refer to the responsible party. The "dealer" is defined as "the person who is a manufacturer, processor, finisher or retailer of a textile fiber product, or a person who is engaged in the business of importing or selling any textile fiber product."

<sup>8</sup> Note earlier section on WTO limiting mandatory labeling based on processing methods, such as eco- or fair trade labeling.

Table 4

**Supplemental Labeling**

	<b>United States</b>	<b>Canada</b>	<b>Brazil</b>	<b>India</b>	<b>European Union</b>
<b>Care</b>	Required	Optional; but when provided, must accurately reflect appropriate method of care.	Washing instructions required	Optional	Required However, no harmonized legislation-varies country to country. Dealer or manufacturer can be held liable under EU Product Liability Directive.
<b>Size</b>	Optional	Optional	No guidelines on sizing Required in metric units	Required	No uniform sizing system in place, but sizing required to be shown in metric units (metric and US units until 2009) See regulation EN 13402
<b>Eco-Labels</b>	Optional	Optional	Optional	Optional	Optional – two major programs in place for developing standards

**2.5.1.1 Care Labeling**

Care Labeling is required by the United States, Brazil and the European Union. It is optional in Canada and India. Care labeling derives from concerns for consumer protection rather than market position or competitiveness, although it may influence the consumer's product selection.

Care labeling regulations are generally distinct from those for origin, fiber content and identity. They may also apply to different products.<sup>9</sup> As with fiber content, care labeling has its own set of specific terms to be employed and regulating standards and testing requirements. The International Standards for care labeling are governed by GINETEX (*Groupement International d'Etiquetage pour l'Entretien des Textiles* or International Association for Textile Care Labeling)<sup>10</sup>. The GINETEX care symbols are registered trademarks and manufacturers must purchase the right to employ them.

<sup>9</sup> US care regulations can be found at <http://www.ftc.gov/bcp/online/pubs/buspubs/comeclean.shtml>

<sup>10</sup> [http://www.sartex.ch/ginetex\\_web/index.html](http://www.sartex.ch/ginetex_web/index.html)

### **2.5.1.2 Size**

Size information on apparel products is generally optional, except in India, where it is mandatory. When size is indicated a country may regulate the unit of measurement. In the case of Brazil, metric units are required. The European Union has to date employed dual-labeling, allowing both metric and inches/pounds. Moreover, each EU member may specify sizing increments for basic garments such as trousers, shirts and blouses<sup>11</sup>. The EU proposed to move to metric-only labeling as of 2010 but after protests from garment industry manufacturers and retailers the European Commission recently issued a formal proposal to withdraw the directive and continue dual-labeling indefinitely.

### **2.5.1.3 Flammability**

Flammability standards are not broadly required. In the US, children's sleepwear must be certified and labeled to be flame resistant, as must household furnishings such as carpets and rugs. For product liability purposes, non-flame resistant children's wear is often labeled, "not sleepwear." In Canada, a minimum flammability standard exists under the Hazardous Products Act. No EU directive for flammability.

### **2.5.1.4 Voluntary labeling (Eco-labeling)**

Mandatory eco-labeling has been a major point of contention in the WTO. Several WTO cases on labeling have established that manufacturing methods may not be employed as a means of product identification or labeling<sup>12</sup>. Therefore, mandatory eco-labeling is in a decidedly gray area as far as the WTO is concerned. For this reason, EU efforts to require eco-labels have been rolled back and instead are voluntary. The EU Eco-label (in the form of a green flower) is awarded by the European Union Eco-labeling Board (EUEB), which has developed specific ecological criteria for product groups, such as textiles. The EU Member States determine the criteria for award and as a result the Eco-label scheme is accepted in all 25 Member States. As a voluntary system, it is not seen as a barrier to trade. A similar voluntary system, the EcoMark, is being promoted in India for 14 product categories, including textiles.

The US and Canada do not maintain eco-labeling requirements. Instead, retailer may use voluntary labels, including "Rugmark tm" and other so called "fair trade" or organic labels. However, in opting to use these labels a company may open itself up to law suits for false claims if it is found that the marked articles do not conform to a recognized standard, or may mislead the consumer.

## **2.6 Mechanics of Labeling**

The mechanics of labeling address questions of size, location, and language of the labels. These mechanics differ among the sample of countries reviewed in this report..

The first consideration for importers is when the label must be affixed to the product. In most countries, country of origin labeling requirements may be deferred for unfinished products as long as the requirements are met when the products are ready for sale to consumers. As such, many countries allow for importation of textiles and apparel at an intermediate stage of processing, prior to labeling, provided all necessary information is submitted in accompanying documentation. As mention above, the customs authority is often more stringent

---

<sup>11</sup> Germany, for example, provides dimensions for metric sized trouser waists and inseams, while England does not.

<sup>12</sup> See the WTO case on Dolphin Safe Tuna.

on the requirements for labeling (particularly in the case of country of origin) than the domestic authorities, However, in the case of India, all products must be marked or labeled prior to entry and any products not in compliance must be re-exported or will be seized.

Table 5

**When is Labeling Required?**

	<b>United States</b>	<b>Canada</b>	<b>Brazil</b>	<b>India</b>	<b>European Union</b>
<b>Labeling Process</b>	Customs requires that all imported products, ready for sale, be labeled with origin unless specifically exempted.	Allows a dealer to import incompletely or improperly labeled consumer textiles articles and label them in Canada, provided all details are disclosed upon entry	Governed by INMETRO regulations (Ministerial Order No. 116 of 7-31-95)	All products must be labeled prior to shipment. Labeling mandatory for all pre-packaged goods intended for direct retail sale. Also required to show net quantity in terms of standard unit of weight and measures.	Only products for sale to end consumer need to be labeled; others can be replaced by commercial documents.

Another mechanic of labeling consideration is the language in which the label must be presented. Most countries require that the label information must be translated into their local language; this is particularly important in Canada, where French language requirements in Quebec Province lead most companies to use dual language labeling.

Table 6.

**Language Requirements**

	<b>United States</b>	<b>Canada</b>	<b>Brazil</b>	<b>India</b>	<b>European Union</b>
<b>Language</b>	English	English and French (if sold in Quebec)	Portuguese	English (favored) or Hindi	Member country specific

Specifications concerning the presentation of labeling information follow a general principal that the information must be legible and accessible (to the

consumer and to the customs inspector), and should not be misleading. In the case of fiber content, the type or lettering for all materials must be of equal size and be presented in a single location. While multiple labels are permitted (particularly for care labeling), it is generally required that country of origin appear on the front side of a conspicuously placed label.

Table 7 illustrates several special cases in the US textile labeling requirements, where specific locations have been set out for labels in certain product types.

Table 7

**Special Cases in US Regulations**

<b>Garments with a neck</b>	<b>Other textile products</b>	<b>Products sold in packages</b>	<b>Hosiery &amp; Socks</b>	<b>Bolts of cloth</b>
Must be attached to the inside center of the neck	Must appear on a conspicuous and readily accessible label on the inside or outside of the product.	Must be on each item as well as package itself (unless package is transparent and label is visible)	May be presented on the package (in the case of socks, required to be on the front of the package)	Fabric cut from bolts or rolls doesn't need a label if the bolt or roll is cut from a bolt or roll that is properly labeled at the time of purchase.

There may be different placement requirements for different types of labels. For example, in the US, country of origin must be placed as required by USCBP. Location of other labels is less stringently controlled. For example, fiber content and care labels need not be at the neck of a shirt, but must be “in close proximity” to country of origin. Therefore many companies will place country of origin labels in the neck with their Brand designation, and will repeat origin information with fiber content and care labels in a side seam or other conspicuous, but less exposed, location.

### 3.0 Legal Framework

The legal framework for textile and apparel labeling in the US, Canada, and the EU is administered by the national competition authorities (as shown in the table below). Brazil and India designate other agencies. Implementing legislation in each country outlines the specific requirements for country of origin, fiber content, identity of manufacturer or importer and any additional indicators, along with any requirements on the mechanics of labeling.

Table 8

#### Implementing Agency & Legislation for Product Labeling:

	United States	Canada	Brazil	India	European Union
<b>Implementing Agency</b>	Federal Trade Commission (FTC)	Competition Bureau	National Council of Metrology, Normalization and Industrial Quality (CONMETRO) / National Institute of Metrology, Normalization and Industrial Quality (INMETRO)	Multiple agencies	European Commission/ Member State Competition Authorities
<b>Implementing Legislation</b>	Textile Fiber Products Identification Act (15 USC §§ 70)  Wool Products Labeling Act (15 USC §§ 68)	Textile Labeling Act and Textile Labeling and Advertising Regulations	Regulations on use of fibers in textiles products – resolution No. 04 of 1/8/92 National Institute of Metrology, Normalization and Industrial Quality (INMETRO) Regulations on location of labels – Ministerial Order No. 116 Brazilian Consumer Protection Code	Textiles Regulation 1998  Standards on Weight and Measures Act	Directive 96/74/EC (provision for mandatory labeling of fiber content)  Directive 96/73/EC of EP and Council of 16 Dec 1996 on methods of quantitative analysis of binary textile fiber mixtures

### 3.1 Customs Requirements and Enforcement

The Customs Authority in each country is responsible for enforcing trade and competitive/commercial regulations for all products at the time of importation. To illustrate, US Customs and Border Protection is the primary agency responsible for the regulation and enforcement of country of origin labeling as required by the Tariff Act. In addition, USCBP also is designated as the

inspection and enforcement agency to ensure that imported products comply with FTC labeling requirements.

In the case of India, while the framework for textiles labeling is technically governed by the Textiles Regulation Act and the Standards on Weight and Measures Act, implementing regulations are non-existent or unclear and leave considerable latitude in the judgment of customs authorities<sup>13</sup>. This has resulted in numerous complaints of inconsistent and unreasonable delays due to testing and labeling requirements and additional documentation requests, and outright seizure of imported garments, despite the best efforts of importers to comply with existing rules and regulations.

#### **3.1.1.1 Removal of Labels**

Under US regulations, it is illegal to remove a label prior to sale and delivery to the consumer. However, a label may be substituted as long as it contains all required information.

---

<sup>13</sup> In contrast to the non-transparent systems of India, the US has implemented a system of “informed compliance” and “shared responsibility” which are premised on the idea that in order to maximize voluntary compliance with laws and regulations of U.S. Customs and Border Protection, the trade community needs to be clearly and completely informed of its legal obligations. Accordingly, this system imposes a greater obligation on USCBP to provide the public with improved information concerning the trade community's rights and responsibilities under customs regulations and related laws.

## 4.0 Enforcement

### 4.1 Overview

Responsibility for the enforcement of labeling on imported merchandise is assigned to the customs agencies of each country. Under some regimes including the United States, Canada and EU), the enacting legislation provides other agencies, such as the competition authority or consumer protection agency, with additional enforcement roles once the product or shipment enters the customs territory. This dual enforcement system means that there is the potential for overlap and an importer or responsible party may be subject to penalties by both authorities for violations on imported merchandise. In the U.S., the importer is subject to redelivery plus a special 10% marking duty, as well as penalties (“liquidated damages”) for the Customs violation. The importer or responsible party can also incur penalties, fines and potential legal action under domestic laws and regulations, if the product has entered the customs area of that country.

Table 9

#### Enforcement Agencies

	United States	Canada	Brazil	India	European Union
<b>Competition/ Consumer Protection Authorities</b>	Federal Trade Commission (FTC) / Department of Justice	Competition Bureau	Department of Consumer Protection and Defense	Not applicable (Compliance is required upon entry)	European Commission / Member state Competition Authority
<b>Border/ Revenue Authority</b>	Customs and Border Protection	Revenue Canada (Canada Customs & Revenue Agency)	Brazil Customs & Revenue Authority, Ministry of Finance	Ministry of Finance, Department of Revenue, Central Board of Excise and Customs	Member state Customs Authority

### 4.2 Enforcement of Regulations at the Border

Textile products are considered trade-sensitive and often receive particular scrutiny by customs and revenue authorities on importation. The authorities are empowered to conduct physical examinations of merchandise and of documents, and when non-complying marks and/or labels are discovered or suspected will apply various remedies as appropriate.

#### 1. Physical inspection of goods to verify description

In international commerce, most goods are cleared based on the importer’s declaration and a review of documents; Customs authorities may designate textile and apparel shipments for physical inspection, especially shipments from an unknown source, or shipments to a new importer or one with a history of inaccurate declarations. Inspection can delay delivery for a day or two, or for

weeks. The sample is then reviewed by a product specialist who verifies that it is properly marked, and that the description matches the physical characteristics. The product specialist, or “import specialist” is usually trained to conduct basic tests such as burning or magnified fiber examination to verify fiber content, but may have recourse to a laboratory for scientific testing.

## 2. Redelivery of goods

In the United States, if a marking or labeling violation is discovered after release, USCBP officers are empowered to order the redelivery of a shipment up to 30 days after release. They generally allow the importer to mark the goods (and provide proof of the corrected marking), but failure to redeliver or mark the goods can result in penalties that include a 10% marking duty, and penalties based on “liquidated damages,” that is, full domestic value of the shipment.

## 3. Seizure of goods

In cases where it appears fraud was intended, USCBP has authority to order seizure of non-complying goods.<sup>14</sup> This authority lies with customs officials in most countries.

## 4. Training of customs officers

In many countries, including the US, Canada and the EU, import specialists receive extensive training to be able to fulfill their responsibilities including on-the-job experience and periodic courses by industry and technical experts. This ensures that decisions regarding product labeling compliance can often be made at the first point of contact.

## 5. Testing of textile products

In all countries surveyed here, customs authorities may obtain samples of imported goods and send them to Customs operated or licensed laboratories for testing. This is a time-consuming and expensive process, but may be necessary to verify fiber or garment characteristics that cannot be resolved by basic field tests.

### **4.3 Enforcement of Competition Policy & Consumer Protection**

In addition to enforcement of product labeling standards at the border, most countries have enforcement mechanisms built into their domestic textiles regulations and that are governed by the national competition authority. Any violation of these regulations (i.e. willfully falsifying fiber content or country of origin) is considered a violation of the competition laws and may be enforced through the application of penalties or through judicial action (law suits and liability damages).

---

<sup>14</sup> Under US Customs law, there are two types of seizure. The first is where a law provides for “forfeiture” of the property, whereby the seized property becomes the property of the Federal government. Under the second, the property is seized to secure payment of a monetary penalty. If the penalty is not paid, the property will be sold to pay the penalty, with the balance being subject to claims of the owners, lien holders or other lawful claimants. Customs may also choose to reject or deny entry or detain goods.  
([http://www.cbp.gov/linkhandler/cgov/toolbox/legal/informed\\_compliance\\_pubs/icp052.ctt/icp052.pdf](http://www.cbp.gov/linkhandler/cgov/toolbox/legal/informed_compliance_pubs/icp052.ctt/icp052.pdf))

In the United States, the Federal Trade Commission (FTC) is responsible for administrative enforcement of the US Textiles Act. The FTC is authorized to make rules and regulations necessary for proper administration and enforcement. This includes establishing generic names of manufactured fibers, and initiating inspections and testing of products. A violation of the Act is considered to be a violation of the umbrella FTC Act 53, and therefore an unfair method of competition, which carries monetary civil penalties of up to \$11,000 for each violation<sup>15</sup>. In addition, the Department of Justice's Office of Consumer Litigation has the authority to pursue seizures, injunctions, civil penalty cases and criminal actions, including fine and imprisonment. Violations of care labeling are normally enforced by the US consumer product safety commission.

## **5.0 Designing an Egyptian Labeling Regime**

In designing an Egyptian labeling regime for textiles and apparel, there are two key elements to be considered: how to increase the efficiency and effectiveness of enforcement and how to minimize the burden on domestic producers. In both cases, the practices in our case countries point towards the adoption of simplified regulations that are in line with international standards.

### **5.1.1.1.1 Increasing the Efficiency of Enforcement.**

- Clearly outlined regulations which are accessible to the border agencies, domestic producers, and importers allow for more effective enforcement.
- Training customs officers on product labeling allows them to more easily identify fraudulent imports and reduce frequent and time consuming testing.

### **5.1.1.1.2 Reducing the Burden on Domestic Producers.**

In order to comply with WTO National Treatment guidelines, the regulations must apply equally to domestic producers and importers. However, by introducing product labeling legislation on textiles and apparel that is in line with international standards and systems adopted by key export markets, domestic producers are already set up to be able to export to multiple markets.

---

<sup>15</sup> <http://www.ftc.gov/os/statutes/textile/textlact.htm#70i>

# APPENDIX

## 6.0 Appendix X: Bibliography / Resources

### 6.1.1 Canada

Canadian Competition Bureau: <http://www.competitionbureau.gc.ca>

### 6.1.2 United States

Office of Textiles & Apparel – US Department of Commerce Foreign Labeling Requirements: <http://web.ita.doc.gov/tacgi/labeling2.nsf/>

Customs & Border Protection

[http://www.cbp.gov/xp/cgov/newsroom/fact\\_sheets/trade/textiles\\_priority.xml](http://www.cbp.gov/xp/cgov/newsroom/fact_sheets/trade/textiles_priority.xml)

US Department of Justice

[http://www.usdoj.gov/civil/ocl/monograph/other\\_ftc.htm](http://www.usdoj.gov/civil/ocl/monograph/other_ftc.htm)

THE TEXTILE PRODUCTS IDENTIFICATION ACT

<http://www.ftc.gov/os/statutes/textile/textlact.shtm>

FTC Regulations on Care Labeling

<http://www.ftc.gov/bcp/online/pubs/buspubs/comeclean.shtm>

### 6.1.3 European Union

<http://ec.europa.eu/enterprise/textile/intlmarket.htm>

Directive 96/74/EC of the European Parliament and of the Council of 16 December 1996 on textile names: [http://ec.europa.eu/enterprise/textile/documents/dir1996\\_0074en.pdf](http://ec.europa.eu/enterprise/textile/documents/dir1996_0074en.pdf)

All products containing at least 80% by weight of textile fibres, including raw, semi-worked, worked, semi-manufactured, semi-made, made-up products are covered in the Directive.

United Kingdom Textiles & Footwear Labeling:

<http://www.pkc.gov.uk/Law+and+licensing/Trading+standards+and+consumer+advice/Legislation+and+enforcement/Fair+trading/Textiles+and+footwear+labeling.htm>

United Kingdom Trading Standards

<http://www.tradingstandards.gov.uk/cgi-bin/bglitem.cgi?file=BADV084-0100.txt>

If an article is intended to be repacked in new containers for sale to an ultimate purchaser after its release from U.S. Customs and Border Protection custody, the importer must certify that if he does the repacking, he shall not obscure or conceal the country of origin marking, or that the new container will be properly marked. If the article is intended to be sold or transferred to a subsequent purchaser or repacker, the importer must certify that he/she will notify the subsequent purchaser or repacker (in writing) of the marking requirements.

**Technical Assistance for Policy Reform II**  
**BearingPoint, Inc,**  
**18 El Sad El Aali Street, 18<sup>th</sup> Floor,**  
**Dokki, Giza**  
**Egypt**  
**Country Code: 12311**  
**Phone: +2 02 3335 5507**  
**Fax: +2 02 3337 7684**  
**Web address: [www.usaideconomic.org.eg](http://www.usaideconomic.org.eg)**