



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Before the
DEPARTMENT OF THE TREASURY, CUSTOMS SERVICE
Washington, D.C. 20229

In the Matter of

Country of Origin Marking Rules for Textiles and Textile Products
AdvancnPVnlsTx-7a subject origin textile labeling issues raised in this proceeding.

As the Department of the Treasury, Customs Service (Customs) noted in its solicitation of comments, the products that will be affected by its proposed change in origin marking requirements must still be labeled in accordance with the Textile Fiber Products Identification Act and the FTC's rules implementing the Act.⁽¹⁾ The Commission submits this comment to clarify the application of the country- of-origin marking requirements of the Act and its rules to these textile products.

Customs proposes to change the interpretation of its country-of-origin marking requirements for textile goods made in the U.S. and then shipped to other countries for further processing. Currently, it is Customs' position that textile goods made in the U.S., and then shipped to a foreign country for further processing that advances them in value, should be marked as made in the foreign country where the goods were advanced in value.⁽²⁾ Customs proposes to change this position so that it would no longer apply to such textile goods for country-of-origin marking purposes, although it would continue to apply for duty assessment and quota purposes. In this respect, the ordinary textile rules of origin, prescribed in 19 U.S.C. § 102.21, as interpreted by Customs, would apply.

II. Textile Act Origin Disclosure Requirements

The Act requires that textile products be labeled to show the country of origin, whether domestic or foreign.⁽³⁾ The

of only those materials that are covered under the Act (i.e., those made of textile fibers) and that are one step removed from that manufacturing process (i.e., a fabric manufacturer must identify imported yarn; a garment manufacturer must identify imported fabric).

The issue raised by the proposed change in Customs' interpretation of its origin marking requirements is whether textile products made in the U.S. and then sent abroad for some additional finishing process, which does not result in a change in origin under Customs' requirements, can be labeled simply "Made in USA" or whether the additional foreign processing also must be disclosed on the label. In many cases, the foreign processing is sufficiently minimal that disclosure would not be necessary for compliance with the Act and rules. Such processes would include: various kinds of washing or wet processing (stone washing, enzyme washing, acid washing, sizing, starching, etc.); dyeing or bleaching; application of ink designs (heat transfer or screen printing); pressing (including permapressing and similar processes to make apparel wrinkle free); repairs or alterations; tagging or labeling; closure of single-component knit products (such as hosiery); adding or changing buttons; and boarding (adding cardboard to give a garment shape). These processes, although they enhance the value of the goods, do not alter the basic identity or character of the product.

The addition of ornamentation or decorative trim that involves adding textile fibers to a textile product (by embroidery, for example) is addressed by the rules.⁽⁵⁾

(5) 16 C.F.R. §§ 303.12 and 303.26.

(6) 16 C.F.R. § 303.33(a)(4).