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To: Members of the Council

Sub : TBT notification issued by USA on 'Made in USA' Labeling Rule

Dear Member,

This has reference to TBT notification no. G/TBT/N/USA/1634 dated 17 July 2020, issued by USA. The products mentioned in the notification fall under HS Codes 39, 40, 50 to 63, 64, 6506 and 9503.

Brief of the Regulation:

USA has notified 'Made in USA' Labeling Rule. The Federal Trade Commission (FTC or Commission) seeks comment on the Notice of Proposed Rulemaking (NPRM) related to "Made in USA" and other unqualified U.S.-origin claims on product labels.

As per the regulation:

- The scope of regulation includes: Made in USA labeling; Public information symbols, Clothes, Headgear, Clothing accessories, Fastening of clothing, Footwear, Rubber and plastics products, Home textiles, Linen, Equipment for children.
- Since at least 1940, the Commission has pursued enforcement actions to prevent unfair and deceptive 'Made in USA' and other U.S.-origin claims

(MUSA claims). Currently, the Commission's comprehensive MUSA program consists of compliance monitoring, counseling, and targeted enforcement.

- Recently, the FTC held a public workshop and collected public comments in support of a review of its MUSA program.
- Workshop participants and commenters discussed a variety of issues, including consumer perception of MUSA claims, concerns about the FTC's current enforcement approach, and potential changes to the FTC's MUSA program, including through rulemaking.
- During that proceeding, stakeholders expressed nearly universal support for the Commission to exercise authority to issue a rule addressing MUSA claims.
- Therefore, to deter deceptive claims, enhance the Commission's ability to obtain appropriate relief for consumers, and provide additional certainty to marketers on the Commission's enforcement approach, the Commission now proposes a MUSA Labeling Rule incorporating this established standard pursuant to its rulemaking authority.

THE PROPOSED RULE

- The Commission "may from time to time issue rules pursuant to United States Code" requiring MUSA labeling to "be consistent with decisions and orders of the Federal Trade Commission issued pursuant to the [FTC] Act."
- The FTC may seek civil penalties for violations of such rules. Consistent with these statutory provisions, the NPRM covers labels on products that make unqualified MUSA claims.
- It tracks the Commission's previous MUSA Decisions and Orders by prohibiting marketers from including unqualified MUSA claims on labels unless: (1) Final assembly or processing of the product occurs in the United States, (2) all significant processing that goes into the product occurs in the United States, and (3) all or virtually all ingredients or components of the product are made and sourced in the United States.
- The NPRM also covers labels making unqualified MUSA claims appearing in mail order catalogs or mail order advertising.
- To avoid confusion or perceived conflict with other country-of-origin labeling laws and regulations, the NPRM specifies that it does not supersede, alter, or affect any other federal or state statute or regulation relating to country-of-origin labels, except to the extent that a state country of-origin statute, regulation, order, or interpretation is inconsistent with the NPRM.
- The Commission invites comment on whether the NPRM conflicts with any state country of origin labeling requirements.

Please refer attached Notification <u>(Click here)</u> and Proposed Rules <u>(Click here)</u> for details.

Kindly forward your comments or suggestions to the Council at <u>info@texprocil.org</u> latest by 5th August 2020.

Regards,

Dr. Siddhartha Rajagopal

Executive Director

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