

**DEPARTMENT OF TRANSPORTATION****Federal Aviation Administration****14 CFR Part 71**

[Docket No. 95-AWP-26]

**Proposed Establishment of Class D  
Airspace; Victorville, CA****AGENCY:** Federal Aviation Administration (FAA), DOT.**ACTION:** Notice of Proposed Rulemaking; extension of comment period.

**SUMMARY:** This notice announces the extension of the comment period on a Notice of Proposed Rulemaking (NPRM), which proposes to establish Class D airspace at Victorville, CA. This action is being taken due to an administrative oversight, wherein the comment period did not allow adequate time for interested persons to have the opportunity to comment.

**DATES:** Comments must be received on or before January 30, 1997.

**ADDRESSES:** Send comments on the proposal in triplicate to: Federal Aviation Administration, Attn: Manager, Operations Branch, AWP-530, Docket No. 95-AWP-26, Air Traffic Divisions, P.O. Box 92007, Worldway Postal Center, Los Angeles, California, 90009.

**SUPPLEMENTARY INFORMATION:**

## Background

Airspace Docket No. 95-AWP-26, published on November 20, 1996 (61 FR 59040) proposed to establish Class D airspace area at Victorville, CA. This action will extend the comment period closing date on that airspace docket from November 30, 1996, to January 30, 1997, to allow for a 30-day comment period instead of the existing 10-day abbreviated comment period.

## List of Subjects in 14 CFR part 71

Airspace, Incorporation by reference, Navigation (air)

## Extension of Comment Period

The comment period closing date Airspace Docket No. 95-AWP-26, is hereby extended to January 30, 1997.

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959-1963 Comp., p. 389; 14 CFR 11.69.

Issued in Los Angeles, California, on December 10, 1996.

Leonard A. Mobley,  
Acting Manager, Air Traffic Division,  
Western-Pacific Region.

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**FEDERAL TRADE COMMISSION****16 CFR Part 300****Rules and Regulations Under the Wool  
Products Labeling Act****AGENCY:** Federal Trade Commission.**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Federal Trade Commission (Commission or FTC) has completed its regulatory review of the Rules and Regulations under the Wool Products Labeling Act (Wool Rules). Pursuant to that review the Commission concludes that the Wool Rules continue to be valuable to both consumers and firms. The regulatory review comments suggested various substantive amendments to the Wool Rules. The Commission has considered these proposals and other proposals that it believes merit further inquiry. The Commission seeks comment on whether it should amend the Wool Rules to: Allow the listing of generic fiber names for fibers that have a functional significance and are present in the amount of less than 5% of the total fiber weight of a wool product, without requiring disclosure of the functional significance of the fiber, as presently required by Wool Rule 3(b); eliminate the requirement of Wool Rule 10(a) that the front side of a cloth label, which is sewn to the product so that both sides of the label are readily accessible to the prospective purchaser, bear the wording "Fiber Content on Reverse Side" when the fiber content disclosure is listed on the reverse side of the label; allow for a system of shared information for manufacturer, importer, or other marketer identification among the North American Free Trade Agreement (NAFTA) countries; add a provision to Wool Rule 4 specifying that a Commission registered identification number (RN) will be subject to cancellation if, after a change in the material information contained on the RN application, a new application that reflects current business information is not promptly submitted; allow the use of abbreviations for generic fiber names; and allow the use of abbreviations and symbols in country of origin labeling. The Commission also seeks comment on the possible need to expand the fiber content disclosure requirement in Wool Rule 19 to include specialty fibers other than the hair or fleece of the angora or cashmere goat.

**DATES:** Written comments will be accepted until January 22, 1997.

**ADDRESSES:** Comments should be submitted to: Office of the Secretary, Federal Trade Commission, Room H-

159, Sixth Street and Pennsylvania Avenue, NW, Washington, DC 20580. Submissions should be identified as "Rules and Regulations under the Wool Act, 16 CFR Part 300—Comment." If possible, submit comments both in writing and on a personal computer diskette in Word Perfect or other word processing format (to assist in processing, please identify the format and version used). Written comments should be submitted, when feasible and not burdensome, in five copies.

**FOR FURTHER INFORMATION CONTACT:** Bret S. Smart, Program Advisor, Los Angeles Regional Office, Federal Trade Commission, 11000 Wilshire Blvd., Suite 13209, Los Angeles, CA 90024, (310) 235-4040 or Edwin Rodriguez, Attorney, Federal Trade Commission, Sixth Street and Pennsylvania Avenue, NW, Washington, DC 20580, (202) 326-3147.

**SUPPLEMENTARY INFORMATION:**

## I. Background Information

The Wool Products Labeling Act of 1939 (Wool Act), 15 U.S.C. 68, requires marketers of covered wool products to mark each product with (1) the generic names and percentages by weight of the constituent fibers present in the product; (2) the name under which the manufacturer or other responsible company does business, or in lieu thereof, the RN issued to the company by the Commission; and (3) the name of the country where the product was processed or manufactured. The Wool Act also contains advertising and recordkeeping provisions. Pursuant to Section 6(a) of the Act, 15 U.S.C. 68d, the Commission has issued implementing regulations, the Wool Rules, which are found at 16 CFR Part 300.

As part of the Commission's ongoing regulatory review of all its rules, regulations, and guides, on May 6, 1994, the Commission published a Federal Register notice (FRN), 59 FR 23645, seeking public comment on the Wool Rules. That same day a similar FRN was published, 59 FR 23646, seeking public comment on the Textile Rules, which are required by the Textile Fiber Products Identification Act.<sup>1</sup> Though not identical, the Wool Rules and the

<sup>1</sup> 15 U.S.C. 70 *et seq.* The Rules and Regulations under the Textile Fiber Products Identification Act are found at 16 CFR Part 303. A Notice of Proposed Rulemaking seeking comment on proposed changes to the Textiles Rules was published earlier this year, 61 FR 5340 (February 12, 1996). The comment period closed on May 13, 1996, and Commission staff members are currently analyzing the submissions. Most of the proposals discussed in this Notice with regard to the Wool Rules parallel similar proposals advanced with regard to the Textile Rules.

Textile Rules are closely related. Generally, the former covers products comprised in whole or in part of wool, while the latter covers products containing no wool at all. The FRNs solicited comments about the overall costs and benefits of the Wool Rules and the Textile Rules, as well as their regulatory and economic impact. The FRNs also sought comment on what changes in these Rules would increase their benefits to purchasers and how those changes would affect the costs the Rules impose on firms subject to their requirements. The deadline for submission of comments was extended twice, on July 7, 1994 and September 12, 1994. The final deadline for comments was October 15, 1994.

## II. Regulatory Review Questions and Comments

### A. Introduction

The Commission received twenty-eight comments in response to the Textile Rules FRN and twelve comments in response to the Wool Rules FRN. Seven of the twelve Wool Rules comments were merely copies of correspondence submitted in response to the Textile Rules FRN. Because of the many points in common between the Textile Rules and the Wool Rules provisions, Textile Rules submissions that contain recommendations or comments relevant to both sets of Rules will be considered as responses to the Wool Rules as well.<sup>2</sup> The comments were submitted by trade associations<sup>3</sup> and companies subject to the Textile Rules and the Wool Rules.<sup>4</sup> In addition,

<sup>2</sup> Unless otherwise identified (e.g., "Wool Rules Submission), all footnote citations to comments refer to Textile Rules submissions.

<sup>3</sup> National Knitwear & Sportswear Association [NKSA] (1), National Association of Hosiery Manufacturers [NAHM] (2), American Textile Manufacturers Institute [ATMI] (3), Cordage Institute [CORD] (4), National Retail Federation [NRF] (5), American Fiber Manufacturers Association, Inc. [AFMA] (7), American Textile Manufacturers Institute [ATMI] (10), Ross & Hardies, on behalf of United States Association of Importers of Textiles and Apparel [USA-ITA] (11), American Apparel Manufacturers Association [AAMA] (15), Liz Claiborne, Inc. and Labeling Committee, Industry Sector Advisory Committee on Wholesaling and Retailing [ISAC 17] (17), Wool Rules Submissions: Wool Bureau [WB] (1), Northern Textile Association [NTA] (4), Harris Tweed Authority [HT] (6), Northern Textile Association [NTA] (7).

<sup>4</sup> Warren Featherbone Company [WFC] (6), Dan River Inc. [DR] (8), Ruff Hewn [RUFF] (9), Gap, Inc. [GAP] (12), Fieldcrest Cannon, Inc. [FIELD] (13), Fruit of the Loom [FRUIT] (14), Wemco Inc. [WEMCO] (18), Sara Lee Knit Products [SARA] (19), Horace Small Apparel Company [HORACE] (20), Perry Manufacturing Company [PERRY] (21), Milliken & Company [MILL] (22), Cranston Print Works Company [CRAN] (23), Angelica Corporation [ANGEL] (24), Russell Corporation [RUSS] (25), Hagggar Apparel Company [HAGGAR] (26), Capital

one comment was submitted by an industry-wide committee formed to address issues concerning the harmonization of textile regulations among the NAFTA countries.<sup>5</sup>

### B. Specific Comments

Twelve comments explicitly express support for the Wool Rules as a whole<sup>6</sup> because the Wool Rules protect consumers from deceptive fiber claims and provide them with valuable information about the fiber content of apparel, allowing them to make educated product comparisons and purchasing decisions.<sup>7</sup> The comments recognize minimal costs but do not identify any specific costs imposed by the Wool Rules on consumers.<sup>8</sup>

In addition, the comments show that the Wool Rules are valuable to manufacturers and firms. They allow firms to distinguish their products from others in the marketplace based on the products' fiber content.<sup>9</sup> They improve the credibility of firms and their products by assuring consumers that the products they are purchasing will meet specific standards and consumer tastes.<sup>10</sup> The Wool Rules also "maintain the integrity of fiber type information from the fiber supplier to the textile manufacturer to the apparel manufacturer to the consumer."<sup>11</sup>

Mercury Shirt Corp. [CAP] (27), Biderman Industries Corporation [BIDER] (28). Wool Rules Submission: Northwest Woolen Mills [NWM] (2).

<sup>5</sup> Trilateral Labeling Committee [TLC] (16). Other comments appear to track TLC's recommendations closely: WFC (6), RUFF (9), WEMCO (18), SARA (19), ANGEL (24), RUSS (25) HAGGAR (26), CAP (27), and BIDER (28) explicitly adopt or endorse the recommendations of TLC (16).

<sup>6</sup> NKSA (1) p.1, NAHM (2) p.1, ATMI (3) p.1, CORD (4) p.2, DR (8) p.1, ATMI (10) p.1, FIELD (13) p.1, FRUIT (14) p.1, PERRY (21) p.1, MILL (22) p.1. Wool Rules Submissions: NTA (4) pp. 1-2, HT (6) pp. 2-4. These comments were submitted by companies covered by the Textile and Wool Rules, but they express the belief that the Wool Rules help consumers.

<sup>7</sup> NAHM (2) states, at p.1, that the regulations should be retained "because they provide a framework for fiber content disclosure, labeling, country-of-origin clarification, and provisions for guarantees, all of which protect manufacturers, buyers, and retail consumers." NKSA (1) states, at p.1, that the Rules serve an important and useful purpose for consumers who may not be aware of the various fibers in the multi-fiber blends that have become common in the marketplace. PERRY (21) states, at p.1, that the Rules are "both necessary and desirable if we are to have orderly trade within this hemisphere."

<sup>8</sup> NAHM (2) states, at p.1, that the Rules impose costs on consumers, but does not identify what the costs are. The comment states that "the assurances offered by the Rules to purchasers far outweigh the costs associated with fiber content disclosure on labeling and the use of guarantees." ATMI (10) states, at p.1, that it "has no knowledge of additional imposed costs to the consumer because of the rules."

<sup>9</sup> NKSA (1) p.1.

<sup>10</sup> NAHM (2) p.2.

<sup>11</sup> ATMI (3) p.1. See also DR (8) p.1; ATMI (10) p.1, MILL (22) p.2.

Although the Wool Rules impose labeling and packaging costs,<sup>12</sup> they are small and have become an accepted part of doing business in the textile industry.<sup>13</sup> The commenters consider the costs of compliance to be minimal and the benefits to companies and consumers to be tangible and great.

The comments submitted in response to the regulatory review of the Wool Rules propose certain amendments to the Rules. On the basis of the comments and other available information, the Commission has considered recommendations to amend the Wool Rules to: (1) Allow the listing of generic fiber names for fibers that have a functional significance and are present in the amount of less than 5% of the total fiber weight of a wool product, without requiring disclosure of the functional significance of the fiber, as presently required by Wool Rule 3(b); (2) require labels of covered products containing reprocessed fibers to disclose whether such reprocessed fibers consist of all new pre-consumer or untreated post-consumer materials; (3) state specifically that selvages are exempt; (4) modify country of origin disclosure requirements; and (5) eliminate the requirement of Wool Rule 10(a) that the front side of a cloth label, only one end of which is sewn to the product in such a manner that both sides of the label are readily accessible to the prospective purchaser, bear the wording "Fiber Content on Reverse Side" when the fiber content disclosure is listed on the reverse side of the label.

### C. NAFTA Related Comments

The goal of NAFTA is to establish a trade zone in which goods can flow freely among Canada, Mexico, and the United States, a goal that may be impeded by the multiple burdens imposed on companies by regulations in the NAFTA countries. Several comments discussed NAFTA and the need for regulatory convergence. For example, some comments focus on the problems posed by linguistic differences among the NAFTA countries, and

<sup>12</sup> NAHM (2) p.2. ATMI (3) states, at p.1, that "[t]here are minimal costs associated with the manufacture of the label, its attachment to the textile product, and costs carried by the manufacturer to maintain records."

<sup>13</sup> NKSA (1) p.1, ATMI (3) pp.1-2, DR (8) p.1, ATMI (10) p.5, FIELD (13) p.6, MILL (22) p.6. ATMI (3) states, at pp.1-2, that "[p]rior to the rules, textile mills typically kept records of fiber content and performed fiber identification tests to certify that fiber being supplied to the mill was indeed what the supplier stated. These costs and practices have become a generic part of textile business operations. The rules only add the cost of a consumer label."

regulations based on these differences, that affect the printing of fiber content information, country of origin names, and care instructions.<sup>14</sup> Manufacturers must either print separate labels for each market, which may inhibit the efficient allocation of inventories within the NAFTA territory and increase costs to consumers,<sup>15</sup> or print unwieldy, multilingual labels that satisfy all of the regulatory requirements of each NAFTA country.<sup>16</sup> In addition, some comments suggested that differences in labeling requirements, including label attachment requirements, the definition of key terms, and responsible party identification systems in the NAFTA countries, may also impede trade.<sup>17</sup> The comments generally agree that the NAFTA signatories must consult and coordinate with each other to simplify textile and apparel labeling so that differences in labeling rules and the manner in which compliance is determined do not pose trade barriers.<sup>18</sup>

NAFTA requires the harmonization of labeling regulations. Article 906 of NAFTA states that "the Parties shall, to the greatest extent practicable, make compatible their respective standards-related measures, so as to facilitate trade in a good or service between the Parties." Article 913 of the Act requires the creation of a Committee on Standards-Related Measures, including a Subcommittee on Labelling of Textile and Apparel Goods.

Many of the comments contend that harmonizing labels would benefit manufacturers and consumers alike by decreasing the costs of production and distribution. One commenter stated that prices charged to consumers may decline if the costs associated with labeling decline.<sup>19</sup> A few comments

contend that harmonized labeling would be less confusing to consumers.<sup>20</sup>

The Commission has considered the comments and other available information and NAFTA-related proposals to amend the Wool Rules to: (1) Allow for a system of shared information for manufacturer or importer identification among the NAFTA countries; (2) add a provision specifying that a Commission RN will be subject to cancellation if, after a change in the material information contained on the RN application, a new application that reflects current business information is not promptly submitted; (3) allow the use of abbreviations for generic fiber names; and (4) allow the use of abbreviations and symbols in country of origin labeling.

#### D. Conclusion

Although no comments were received from consumers or consumer groups, the Commission believes that consumers benefit directly from the Wool Rules and consider the mandated disclosures material in making purchase decisions. A consumer with a preference for a particular fiber can readily determine the presence and percentage of that fiber in covered products. Likewise, a consumer who is allergic to a certain fiber can avoid textiles containing that fiber. Companies at all levels of manufacture, distribution, and sales of textile products support and accept these regulations. The Commission has decided, however, to seek additional comment on possible amendments to the Wool Rules.

Passage of NAFTA, which highlighted the importance of reconciling the labeling requirements of the member countries, prompted many of the changes proposed in the comments. After reviewing specific recommendations, the Commission is considering some of the suggested changes, as well as other possible amendments. The Commission has, however, rejected other changes to the Wool Rules proposed in the comments as infeasible or unnecessary. This Notice of Proposed Rulemaking (NPR) seeks comment concerning the proposed changes. All of the recommendations for change are discussed below.

#### III. Proposals for Amendments to the Wool Rules

This section discusses specific recommendations and proposed

changes on which the Commission sought comment in the FRN and additional issues raised by the comments or the Commission. This discussion includes a summary and analysis of the comments and a discussion of the proposed changes that the Commission has made.

##### A. Use of Generic Fiber Names for Fibers with a Functional Significance Present in the Amount of Less Than 5% of the Total Weight of a Wool Product

One commenter recommended that the Commission revise Wool Rule 3(b) to allow the listing of generic fiber names for fibers that have a functional significance and are present in the amount of less than 5% of the total fiber weight of a textile product, without disclosing the functional significance of the fibers, as the Wool Rule currently requires.<sup>21</sup> The commenter maintains that the existing Wool Rule is "archaic" because consumers know, for example, that the functional significance of spandex is elasticity. In addition, the commenter expresses the view that the Rule is not well known in the international textile industry. As a result, wool imports into the United States may be held by the Customs Service until they have been marked in a manner consistent with U.S. law. Such delays may be costly to businesses and ultimately to consumers.

Another commenter<sup>22</sup> specifically recommended that the Wool Rules be amended to recognize the relatively recent and growing trend of manufacturers' blending small amounts (less than 5%) of nylon (or perhaps some other synthetic fiber) with "coarser, less expensive wool fibers \* \* \* to give the lightweight wool yarn sufficient strength to be woven or knitted into fabric form."

The Commission believes that amending Wool Rule 3(b) to dispense with an unnecessary labeling requirement might benefit manufacturers, importers and other marketers, as well as consumers. In addition, the cost to consumers is likely to be low because consumers generally may know the functional significance of many fibers, and manufacturers are likely to disclose voluntarily the functional significance of others that may be less familiar. Therefore, the Commission proposes to amend Wool Rule 3(b) to read as follows:

##### § 300.3 Required Label Information.

(a) \* \* \*

<sup>14</sup>This notice does not address the issue of the use of symbols in care labeling. The Commission has published separately a notice regarding that issue. 60 FR 57552 (Nov., 16, 1995).

<sup>15</sup>FRUIT (14) p.3.

<sup>16</sup>USA-ITA (11) p.2, see also FRUIT (14) p.2. The comments, however, do not provide extrinsic evidence that long labels cause consumer confusion or that they are financially burdensome to manufacturers or distributors.

<sup>17</sup>AFMA (7) p.1, FRUIT (14) p.2, SARA (19) p.4. FRUIT states that differences in labeling requirements may "function as non-tariff trade barriers and significantly impede the free flow of goods within the NAFTA territory," inhibiting sales and harming American industry.

<sup>18</sup>WFC (6) p.1, AFMA (7) p.1, DR (8) p.1, RUFF (9) pp.1-2, ATMI (10) pp.1-2, USA-ITA (11) p.2, FIELD (13) pp.1-2, FRUIT (14) pp.1-2, AAMA (15) p.1, TLC (16) p.1, ISAC 17 (17) p.1 WEMCO (18) p.1, SARA (19) p.4, HORACE (20) p.2, MILL (22) p.2, ANGEL (24) p.1, RUSS (25) p.1, HAGGAR (26) p.1, CAP (27) p.1, BIDER (28) p.1.

<sup>19</sup>FRUIT (14) p.2.

<sup>20</sup>WFC (6) p.1, AAMA (15) pp.1, 2, TLC (16) p.2, WEMCO (18) p.1, SARA (19) pp.2, 3, ANGEL (24) p.1, HAGGAR (26) p.1, CAP (27) p.1, BIDER (28) p.1.

<sup>21</sup>GAP (12) pp.1-2.

<sup>22</sup>Wool Rules Submission: WB (1) pp.1-12

(b) In disclosing the constituent fibers in information required by the Act and regulations or in any non-required information, no fiber present in the amount of less than five percentum may be designated by its generic name or fiber trademark but shall be designated as "other fiber," except that the percentage of wool or recycled wool shall always be stated, in accordance with Section 4(a)(2)(A) of the Act. Where more than one of such fibers, other than wool or recycled wool, are present in amounts of less than five percentum, they shall be designated in the aggregate as "other fibers." *Provided, however,* that nothing contained herein shall prevent the disclosure of any fiber present in the product which has a clearly established and demonstrable functional significance when present in the amount stated, as for example:

98% wool  
2% nylon

when nylon has a functional significance (e.g., adding strength to the fabric).

The only difference between existing Wool Rule 3(b) and the proposed amendment is that the requirement to disclose the fiber's functional significance has been deleted. The proposed amendment would still prohibit disclosing generic fiber names for fibers present in an amount of less than 5% that do not have a functional significance when present in the amount contained in the wool product. Thus, the proposed amendment would still allow the consumer to distinguish between fibers constituting less than 5% of the total weight that have a functional significance and those that do not. The statement, "98% wool, 2% nylon," is a common example of a disclosure that includes a fiber constituting less than 5% of a covered product's weight yet having a demonstrable functional significance when present in such small amounts. The Commission solicits comment on the benefits and costs to consumers and manufacturers of this proposed amendment.

#### B. Labels of Covered Products Containing Reprocessed Fibers

One commenter<sup>23</sup> suggests that certain untreated "post-consumer" reprocessed textiles might contain harmful bacteria and organisms and consequently might be a breeding ground for disease. The commenter says that the same potential for disease does not arise with respect to reprocessed fibers derived from "pre-consumer" (or manufacturer) materials. The commenter recommends that the Wool Rules be amended to require products containing reprocessed fibers to disclose whether the reprocessed fibers were

reclaimed from "pre-consumer" or "post-consumer" materials.

The Commission does not propose to amend the Wool Rules to require such disclosures because it does not believe factual support exists for this contention or other problems relating to reprocessed fibers. Should evidence of a health hazard arise, the Commission will address the issue at that time.

#### C. Fiber Content of Selvages

One commenter<sup>24</sup> recommends that the Wool Rules be amended to state specifically that the fiber content of selvages need not be taken into account in the calculation and disclosure of fiber content. Selvages are narrow strips of material attached or woven to the edges of a bolt of fabric and used by the manufacturer to hold the fabric while it is being dyed. Selvages also prevent the fabric from fraying or raveling. Selvages are not incorporated into a garment or other finished product, but are discarded during the manufacturing process. The Commission does not construe the Wool Act and the disclosure provisions in the Wool Rules to cover selvages. Consequently, because the selvages at issue are not subject to the Wool Act marking requirements, there is no need to amend the Wool Rules.

#### D. Country of Origin Labeling

Under the Wool Act and Wool Rule 25a, an imported wool product must bear a label disclosing the name of the country where the product was processed or manufactured. One commenter recommends that domestic companies that add value to imported greige goods (unfinished plain fabric) through printing and finishing be allowed to label the finished product simply as "Made in USA," without mention of imported fabric, to encourage value-added manufacturing in the United States.<sup>25</sup> Such a label would not comply with Wool Rule 25a, which states that a wool product made in the United States of imported fabric must contain a label disclosing those facts, as for example: "Made in USA of imported fabric." Only wool products completely made in the United States of fabric that was also made in the United States may be labeled "Made in USA" without qualification.<sup>26</sup> At present, the

Commission does not propose any amendments to this Wool Rule.<sup>27</sup>

#### E. Label Mechanics and Wool Rule 10(a)'s "Fiber Content on Reverse Side" Disclosure Requirement

Several comments addressed the interrelated issues of label type, label attachment, label placement, and use of both sides of a label to set out required information.<sup>28</sup> The comments recommend that the Wool Rules not specify a type of label (e.g., woven, non-woven, printed) to be used or the method of label attachment, to allow for changes in labeling technology. The comments recommend that the Wool Rules require only that the label remain securely affixed to the product and that the information be legible and remain legible for the useful life of the product. The comments also recommend that the Wool Rules allow both sides of a label to be used to display the required information.<sup>29</sup> The comments discuss the issue of label attachment in the context of NAFTA and recommend that U.S. label attachment regulations be harmonized with those of the NAFTA countries.

The current Wool Rules already address many of the recommendations made by the comments regarding the mechanics of labeling. Rule 5—"Required Label and Method of Affixing"—allows any type of label (e.g., a hangtag; a gummed-on label; a woven, non-woven, or printed label) to be used, so long as the label is securely affixed and durable enough to remain attached to the product until the consumer receives it. There is no requirement in the Wool Rules that the label be permanently attached to the covered

<sup>27</sup> The Commission is currently examining issues pertaining to "Made in USA" advertising and labeling claims generally in a separate context. On July 11, 1995, the Commission announced that it would re-examine its "Made in U.S.A." policy by (1) conducting a comprehensive review of consumers' perceptions of "Made in USA" and similar claims and (2) holding a public workshop to examine issues relevant to the standard. The Commission issued a notice, 60 FR 53922 (Oct. 18, 1995), requesting public comment in preparation for the workshop. The workshop was held on March 26-27, 1996. Following the workshop, the Commission sought further public comment on the issues. 61 FR 18600 (April 26, 1996). The second comment period closed on June 30, 1996.

<sup>28</sup> WFC (6) p.1 DR (8) p.1, RUFF (9) p.2, ATMI (10) p.5, FIELD (13) p.6, FRUIT (14) p.5, AAMA (15) p.3, TLD (16) p.4, WEMCO (18) p.1, SARA (19) p.4, HORACE (20) p.2, MILL (22) p.6, ANGEL (24) p.1, RUSS (25) p.1, HAGGAR (26) p.1, CAP (27) p.1, BIDER (28) p.1. The work program of the NAFTA subcommittee on labeling includes "a uniform method of attachment" as one of its issues.

<sup>29</sup> WFC (6) p.1, DR (8) p.1, RUSS (9) p.2, ATMI (10) p.5, FIELD (13) p.6, AAMA (15) p.3, TLC (16) p.4, WEMCO (18) p.1, SARA (19) p.4, HORACE (20) p.2, MILL (22) p.6, ANGEL (24) p.1, RUSS (25) p.1, HAGGAR (26) p.1, CAP (27) p.1, BIDER (28) p.1.

<sup>24</sup> Wool Rules Submission: HT (6) pp. 1-6.

<sup>25</sup> CRAN (23) pp. 1-2.

<sup>26</sup> In determining the appropriate disclosure for country of origin, the manufacturer or processor needs to look only one step back in the process. For example, the label "Made in USA" would be appropriate if the finished article were made from fabric produced in the U.S., regardless of whether the yarn that went into the fabric was imported.

<sup>23</sup> Wool Rules Submission: NWM (2) pp.2-3.

product and therefore no requirement that the label remain legible for the useful life of the product. Wool Rule 10(a) provides that: "The required information may appear on any label attached to the product, provided all the pertinent requirements of the Act and Regulations are met and so long as the combination of required information and non-required information is not misleading."

Wool Rule 10(a) further requires in general that all three Wool Act disclosures—country of origin, company name or RN, and fiber content—be made in immediate conjunction with one another. It, provides, however, that the company name or RN may appear on the back of the required label or on the front of another label in immediate proximity to the required label, in accordance with Rule 21—"Use of a Separate Label for Name or Registered Identification Number." It also provides that when a cloth label is used, and only one end is sewn to the product, the fiber content disclosure may be placed on the back of the label, "if the front side of such label clearly and conspicuously shows the wording Fiber Content on Reverse Side."

One commenter proposed that this second provision of Wool Rule 10(a) be amended to eliminate the requirement that manufacturers place the phrase "Fiber Content on Reverse Side" on the front side of the required label because "consumers today are aware that both sides of the label contain information important to their purchasing decision."<sup>30</sup> The Commission agrees that consumers are likely to look on the back of labels for information without an express direction to do so, particularly because under the Commission's Care Labeling Rule, 16 CFR Part 423, garment care instructions may, and often do, appear on the reverse side of a label. The required disclosure, therefore, may be unnecessary.

The Commission proposes to amend Wool Rule 10(a). The Rule might be amended narrowly to eliminate the "Fiber Content on Reverse Side" disclosure requirement for cloth labels with one end sewn to textile products. Another alternative would be to amend Wool Rule 10(a) to allow the required fiber content information to appear on the reverse side of any kind of permissible label as long as the information remains "conspicuous and accessible." The Commission also solicits other language alternatives relating to the mechanics of labeling, as well as comment on the benefits and costs to consumers and manufacturers.

The Commission also requests comment on whether fiber content identification should be printed on labels that are permanently attached to a wool product,<sup>31</sup> and on whether the other two required disclosures should similarly appear on a permanent label. This information may continue to be useful to consumers throughout the life of the product. For example, fiber content identification may assist professional cleaners in determining whether certain cleaning techniques are appropriate for an item of wool apparel. Moreover, advances in labeling technology make it unlikely that requiring a permanent label would unduly burden manufacturers. Many manufacturers already make the required disclosures on permanent labels. Finally, the Commission seeks comment concerning any specific conflicting rules and regulations for label attachment in Mexico and Canada, and whether such conflicts might pose trade impediments that could be removed by changing the Commission's Wool Rules.

#### *F. System of Shared Information for Manufacturer or Importer Identification Among the NAFTA Countries*

Under the Textile Act and the Fur Products Labeling Act,<sup>32</sup> as well as under the Wool Act, the required label on covered products must bear the identification of one or more companies responsible for the manufacture, importation, offering for sale, or other handling of the product, either by the full name under which the company does business or, in lieu thereof, by the RN issued by the Commission. Canada has a similar system of identification numbers known as CA numbers. Mexico does not have a similar system, but the Mexican government issues tax identification numbers to companies.

To eliminate the need for a company to register in more than one country, the comments recommend that the FTC and appropriate government agencies in the NAFTA countries develop an integrated system by allowing any RN, CA, or Mexican tax identification number to suffice as legal company identification in all three NAFTA countries.<sup>33</sup> The

comments repeatedly state that it would not be necessary to create one identification number system. They recommend that each NAFTA country continue its policy and procedure of registration, with the U.S. continuing the present system of RN numbers. The countries could exchange information on computer databases so that a covered product can be traced to a manufacturer or other responsible party using either an RN number, a CA number, or a Mexican tax number.

Congress would need to amend the Wool Act to allow CA numbers and Mexican tax numbers, which are not registered by the Commission, to be used on wool products shipped for distribution in the United States. For present purposes, the Commission seeks comment on the advantages and disadvantages of a system of shared information, the feasibility of implementing such a system across borders, and the impact such a system might have on the ability of the Commission, consumers, and firms to track responsible parties. Alternatively, the Commission might consider whether simply to permit the use of the identification numbers of a NAFTA trading partner, provided that the partner made the identifying information readily available to anyone seeking it. The Commission seeks comment on the advantages and disadvantages of this alternative, which also would require statutory amendment.

#### *G. Require Holders of RN Numbers to Update Their Registration Information When Changes in That Information Occur*

The success of a system of shared information would depend to a great extent on the availability and the quality of the information in the Commission's RN registry and the registration systems of Canada and Mexico. To increase the usefulness of the RN registry, the Commission plans to improve its accuracy and the ease of access to its contents.

Since initially being issued their RNs, many companies have changed their legal business name, business address, and/or company type (e.g., from proprietorship to corporation) without notifying the FTC about the change(s) as requested in the RN application. Since the 1940's many RN holders have gone out of existence, and others, while still in existence, no longer have any need for their RNs. As a result, although the records accurately reflect the original application information, a large percentage of the official FTC records do not reflect an actual user's current

<sup>31</sup> Comment on this issue was also requested in a Federal Register notice seeking comment on proposed amendments to the Commission's Care Labeling Rule, 16 CFR part 423, 60 FR 67102 (Dec. 28, 1995).

<sup>32</sup> 15 U.S.C. 69.

<sup>33</sup> WFC (6) p.1, DR (8) p.1, RUFF (9) pp.1-2, ATMI (10) p.2, USA-UTA (11) p.2, FIELD (13) pp.2-3, FRUIT (14) p.5, AAMA (15) pp.2-3, TLC (16) p.4, ISAC (17) p.1, WEMCO (18), p.1, SARA (19) p.2, HORACE (20) p.2, MILL (22) p.3, ANGEL (24) p.1, RUSS (25) p.2, HAGGAR (26) p.1, CAP (27) p.1, BIDER (28) p.1.

<sup>30</sup> FRUIT (14) p. 5.

name, place of business, and/or company type.

Registered identification numbers are subject to cancellation whenever any such number was procured or has been used improperly or contrary to the requirements of the Acts administered by the Federal Trade Commission, and regulations promulgated thereunder, or when otherwise deemed necessary in the public interest. The Commission proposes to add a provision to the Wool Rules that would subject an RN number to cancellation if, after a change in the material information contained on the RN application, a new application that reflects current business information is not promptly submitted to the Commission. Section 300.4 of the Rules already requires that the Commission be apprised of such changes. The proposed amendment is merely an added provision to enable the Commission to update its database.<sup>34</sup> The Commission plans to undertake a program to update the RN database, in stages over a period of time. Commission staff will make every reasonable effort to identify and locate all companies actually using an RN and make them aware of their obligations to update their applications before a specified deadline. Numbers assigned to companies that are no longer in business, or that cannot be located, would then be subject to revocation.

The Commission seeks comment on the following proposed amendment to Wool Rule 4(c). Currently, Wool Rule 4(c) is as follows:

*§ 300.4 Registered Identification Numbers.*

(a) \* \* \*

(b) \* \* \*

(c) Registered identification numbers shall be used only by the person or concern to whom they are issued, and such numbers are not transferable or assignable. Registered identification numbers shall be subject to cancellation whenever any such number was procured or has been used improperly or contrary to the requirements of the Acts administered by the Federal Trade Commission, and regulations promulgated thereunder, or when otherwise deemed necessary in the public interest.

The proposed amendment would add a third sentence to read as follows:

Registered identification numbers will be subject to cancellation if the Federal Trade Commission fails to receive prompt notification of any change in name, business address, or legal business status of a person

<sup>34</sup> It also complements the Commission's Rules of Practice, which state: "Numbers are subject to revocation for cause or upon a change in business status or discontinuance of business." 16 CFR 1.32.

or concern to whom a registered identification number has been assigned by application duly executed in the form set out in subsection (e) of this section, reflecting the current name, business address, and legal business status of the person or concern.

*H. Use of Abbreviations for Fiber Content Identification*

Although supporting the fiber content disclosure requirements, many comments recommend that the Wool Rules be amended to allow abbreviations of generic fiber names in fiber content disclosures.<sup>35</sup> Thirteen comments state that spelling out complete fiber names in three languages for the marketing of covered products in the NAFTA countries is unwieldy and that abbreviations of generic fiber names would permit the required information to be conveyed on a smaller label.<sup>36</sup> One commenter contends that if abbreviations were permitted, they could lead to a single label for NAFTA countries and eventually to an international label.<sup>37</sup>

Many comments urge that the FTC and the appropriate agencies in the NAFTA countries adopt abbreviations for the most common fibers—acrylic, cotton, nylon, polyester, rayon, silk, spandex, and wool—which are said to represent more than 80% of all apparel and textile products sold in the marketplace, and an abbreviation for designating "other fibers" that are present in amounts of less than 5% of total fiber weight.<sup>38</sup> The result would be three abbreviations, one in each language—English, Spanish, and French—for the most common generic fibers.<sup>39</sup> Although abbreviations eventually could be developed for other fibers, the comments emphasize the need to develop abbreviations for the more common generic fibers first. Other fibers that the Rules do not permit to be lumped together as "other fibers" can be

<sup>35</sup> WFC (6) p.1, DR (8) p.1, RUFF (9) p.2: ATMI (10) p.4-5, USA-ITA (11) p.2, FIELD (13) pp.4-5, FRUIT (14) p.3, AAMA (15) p.2, TLC (16) pp.3-4, ISAC 17 (17) p.2, WEMCO (18) p.1, SARA (19) p.2, HORACE (20) p.2, MILL (22) pp.4-5, ANGEL (24) p.1, RUSS (25) p.2, HAGGAR (26) p.1, CAP (27) p.1, BIDER (28) p.1.

<sup>36</sup> WFC (6) p.1, USA-ITA (11) p.2, FRUIT (14) p.2, AAMA (15) p.2, TLC (16) p.3, ISAC 17 (17) p.2, WEMCO (18) p.1, SARA (19) p.1, ANGEL (24) p.1, RUSS (25) p.1, HAGGAR (26) p.1, CAP (27) p.1, BIDER (28) p.1.

<sup>37</sup> ISAC 17 (17) p.2.

<sup>38</sup> WFC (6) p.1, DR (8) p.1, ATMI (10) p.4, FIELD (13) pp.4-5, FRUIT (14) p.3, AAMA (15) p.2, TLC (16) p.3, WEMCO (18) p.1, SARA (19) p.2, MILL (22) pp.4-5, ANGEL (24) p.1, HAGGAR (26) p.1, CAP (27) p.1, BIDER (28) p.1. Some comments omit acrylic from this list of fibers. RUFF (9) p.2, HORACE (20) p.2, RUSS (25) p.2.

<sup>39</sup> WFC (6) p.1, DR (8) p.1, RUFF (9) p.2, ATMI (10) p.4, AAMA (15) p.2, TLC (16) p.3, WEMCO (18) p.1, SARA (19) p.2, ANGEL (24) p.1, RUSS (25) p.1, HAGGAR (26) p.1, CAP (27) p.1, BIDER (28) p.1.

identified by their full fiber names.<sup>40</sup> A few comments recommend three- to four-letter abbreviations for fiber names;<sup>41</sup> one commenter states that any abbreviations used for fiber identification should not arbitrarily be limited to a specific number of letters.<sup>42</sup>

The comments recognize that when fiber names are entirely different in different languages, arriving at common abbreviations may be difficult.<sup>43</sup> But the comments point out that when fiber names are identical or similar, the same abbreviation could be used by more than one country, thereby reducing the use of abbreviations on labels.<sup>44</sup>

Comments also recommend that the use of abbreviations should be optional,<sup>45</sup> and that manufacturers should be allowed to use full labeling and still qualify for NAFTA benefits in all signatory countries.<sup>46</sup> To educate the public about the meaning of abbreviations, the comments recommend that manufacturers or retailers provide hangtags, explanatory charts, or other consumer education labels for a limited period.<sup>47</sup>

The Commission believes that the use of abbreviations for fiber names may benefit companies without harming consumers. The Commission therefore proposes to amend Wool Rules 8 and 9 to allow the use of abbreviations for generic fiber names. Generally, Wool Rule 9(a) does not allow the use of abbreviations for disclosures of required information.<sup>48</sup> To allow the use of abbreviations for common generic fiber names, the Commission proposes to amend Rules 8(a) and 9(a) to read as follows:

<sup>40</sup> DR (8) p.1, ATMI (10) p.4, FIELD (13) p.5, FRUIT (14) p.3, MILL (22) p.5.

<sup>41</sup> FIELD (13) p.4, ISAC 17 (17) p.2.

<sup>42</sup> AFMA (7) states, at p. 2, that "[a]s labeling requirements are simplified, the quality and consistency of information provided to the consumer should be maintained," so as not to compromise "the two decades of education and experiences developed under the current system in the United States."

<sup>43</sup> AFMA (7) p.3.

<sup>44</sup> WFC (6) p.1, AFMA (7) p.3, DR (8) p.1, RUFF (9) p.2, ATMI (10) p.4, FIELD (13) p.4, FRUIT (14) p.3, AAMA (15) p.2, TLC (16) p.3, WEMCO (18) p.1, SARA (19) p.2, HORACE (20) p.2, MILL (22) p.4, ANGEL (24) p.1, RUSS (25) p.1, HAGGAR (26) p.1, CAP (27) p.1, BIDER (28) p.1.

<sup>45</sup> AAMA (15) p.2.

<sup>46</sup> AFMA (7) p.3.

<sup>47</sup> WFC (6) p.1, DR (8) p.1, RUFF (9) p.1, ATMI (10) p.4, FIELD (14) p.5, FRUIT (14) p.3, AAMA (15) p.2, TLC (16) p.4, WEMCO (18) p.1, SARA (19) p.2, MILL (22) p.5, ANGEL (24) p.1, HAGGAR (26) p.1, CAP (27) p.1, BIDER (28) p.1.

<sup>48</sup> Nevertheless, Wool Rule 25a(e) does allow abbreviations for country of origin disclosure, but only when the abbreviations "unmistakenly indicate the name of a country, such as Gt. Britain for Great Britain."

### § 300.8 Use of Fiber Trademark and Generic Names.

(a) Except where another name is required or permitted under the Act or regulations, the respective generic name of the fiber shall be used when naming fibers in the required information; as for example: wool,

"recycled wool," "cotton," "rayon," "silk," "linen," "acetate," "nylon," and "polyester," provided, however, that the following abbreviations may be used for cotton, wool, polyester, rayon, nylon, spandex, silk, and acrylic:

cotton—cot

wool—wl

polyester—poly

rayon—ryn

nylon—nyl

spandex—spdx

silk—slk

acrylic—acrl

\* \* \* \* \*

### § 300.9 Abbreviations, Ditto Marks, Asterisks.

(a) In disclosing required information, words or terms may not be designated by ditto marks or appear in footnotes referred to by asterisks or other symbols in required information, and may not be abbreviated except as permitted in Rule 8 and Rule 25a.

\* \* \* \* \*

The Commission solicits comments on these proposed amendments, as well as alternative amendment language, other suggestions for English-language abbreviations for the above-listed fibers, and abbreviations for the catch-all classifications, "other fiber" and "other fibers." The Commission also seeks submission of empirical data (copy tests, etc.) about consumer understanding of abbreviations and the impact that the use of abbreviations may have on consumers and firms. In addition, the notice asks whether the use of abbreviations on the required fiber content labels should be conditioned upon use of explanatory hangtags, indefinitely or for a limited period of time, and if the latter, for how long.

#### I. Use of Abbreviations and Symbols in Country of Origin Labeling

Wool Rule 25a requires that the name of the country where the wool product was processed or manufactured be indicated on a label. The comments support the optional use of three-letter abbreviations for country of origin names (such as "CAN" for "Canada," "MEX" for "Mexico," and "USA" for "United States"),<sup>49</sup> and a symbol, such as a solid flag, to denote the words

<sup>49</sup> WFC (6) p.1, DR (8) p.1, RUFF (9) (p.1, ATMI (10) p.3, FRUIT (14) p.4, AAMA (15) p.1, TLC (16) p.3, ISAC 17 (17) p.3, WEMCO (18) p.1, SARA (19) p.2, ANGEL (24) p.1, RUSS (25) p.2, HAGGAR (26) p.1, CAP (27) p.1, BIDER (28) p.1.

"made in" or "product of" in country of origin disclosures.<sup>50</sup> The commenters assert this would facilitate trade under NAFTA by reducing the label size, eliminating the need for three languages, and reducing consumer confusion. The comments contend that consumer education programs could be instituted to educate the consumer as to the meaning of the abbreviations and the symbol.<sup>51</sup> Only one comment opposed the use of abbreviations of country names.<sup>52</sup>

Wool Rule 25a permits abbreviations of country of origin names if they "unmistakenly indicate the name of a country." The Rule already permits using the abbreviation "USA" to convey the origin of wool products made in the United States. The Rule does not, however, expressly indicate that the abbreviations "CAN" and "MEX" are appropriate for "Canada" and "Mexico" or that symbols (such as a solid flag for the words "made in" or "product of") may be used on wool products to denote country of origin. Although the Commission believes that it is very likely that the terms "CAN" and "MEX" would satisfy the Rule's requirement that a country of origin abbreviation "unmistakenly indicate the name of the country," the Commission nonetheless solicits comment on the use of these abbreviations or other specific suggestions of appropriate abbreviations for "Canada" and "Mexico." To ensure harmonization between abbreviations that are permitted under the Wool Rules and those used in the other NAFTA countries, the Commission also seeks comment on whether Canadian and Mexican regulations allow abbreviations for country of origin names. The Commission lacks sufficient information regarding the feasibility of using symbols in country of origin labeling and thus seeks comment on this issue. Finally, the Commission seeks comment on the benefits and costs to consumers and firms of adding specific country of origin abbreviations to the Wool Rules and allowing symbols.<sup>53</sup>

<sup>50</sup> WFC (6) p.1, DR (8) p.1, RUFF (9) p.1, ATMI (10) p.3, FRUIT (14) p.4, AAMA (15) p.1, TLC (16) p.3, ISAC 17 (17), p.3, WEMCO (18) p.1, SARA (19) p.2, MILL (22) p.4, ANGEL (24) p.1, RUSS (25) p.2, HAGGAR (26) p.1, CAP (27) p.1, BIDER (28) p.1.

<sup>51</sup> RUFF (9) p.1.

<sup>52</sup> MILL (22) pp.1-2, 4. MILL states, at p.1, that "[a]nything less than the complete country name would obscure for consumers the country of origin information intended by the Congress in the labeling acts and the current F.T.C. rules."

<sup>53</sup> U.S. Customs regulations with regard to country of origin marking also permit "abbreviations which unmistakably indicate the same of a country" (19 CFR 134.45(b)). In the past, Customs has ruled that "CAN" and "MEX" do not meet this standard. Pursuant to 19 U.S.C. 1625, however, any interested party can request reconsideration of this interpretation.

#### J. Use of Terms "Mohair" and "Cashmere"

Wool Act Section 2(b) defines wool as "the fiber from the fleece of the sheep or lamb or hair of the Angora or Cashmere goat (and may also include the so-called specialty fibers from the hair of the camel, alpaca, llama, and vicuna) \* \* \*." The fiber content disclosure requirement under the Wool Rules specifically provides for the marking of a wool product with the use of the word "wool" or the term "mohair" or "cashmere."<sup>54</sup>

The Commission is aware that animals are being bred for specialty fibers that would not fit into the required word categories for marking a wool product. For example, breeders have crossed female cashmere goats with angora males to produce an animal called a "cashgora."<sup>55</sup> This animal fleece is asserted to have "the luster of mohair combined with the soft handle of cashmere \* \* \*." Tests of the fiber have resulted in recommendations that the fiber is particularly suitable for knitted garments.<sup>56</sup>

Although the Commission did not receive any specific comments on whether the Wool Rules should be amended to accommodate new specialty fibers, the Commission is soliciting comments on whether Wool Rule 19 should be expanded to include other specialty fibers.

#### IV. Invitation to Comment and Questions for Comment

##### A. Invitation

Members of the public are invited to comment on any issues or concerns they believe are relevant or appropriate to the Commission's consideration of the proposed amendments to the Wool Rules. The Commission requests that factual data upon which the comments are based be submitted with the comments. In addition to the issues raised above, the Commission solicits public comment on the specific questions identified below. These questions are designed to assist the public and should not be construed as a limitation on the issues on which public comment may be submitted.

<sup>54</sup> Wool Rule 19(a) states: "In setting forth the required fiber content of a product containing hair of the Angora goat known as mohair or containing hair or fleece of the Cashmere goat known as cashmere, the term "mohair" or "cashmere," respectively, may be used in lieu of the word "wool," provided, the respective percentage of each fiber designated as "mohair" or cashmere" is given \* \* \*"

<sup>55</sup> See P. Tortora, *Understanding Textiles*, Fourth Edition at 106-107 (1992).

<sup>56</sup> *Id.* At 107.



## B. Questions

### *Use of Generic Fiber Names for Fibers With a Functional Significance and Present in the Amount of Less than 5% of the Total Fiber Weight of a Wool Product*

1. Should the Commission amend Wool Rule 3(b) to allow manufacturers to list the generic fiber name(s) of fiber(s) that have a functional significance and are present in the amount of less than 5% of the weight of the product, without also requiring disclosure of the functional significance of the fiber(s)?

a. What benefits and costs to consumers and businesses would result from such an amendment? Would the amendment have a significant economic impact on a substantial number of small businesses? Can that impact be quantified?

b. Is the proposed amendment language set out in this notice appropriate? If not, what amendment language should be used?

### *Country of Origin Labeling*

2. Do the abbreviations "CAN" and "MEX," for "Canada" and "Mexico," "unmistakenly indicate the name" of each of these NAFTA countries?

a. Are there other abbreviations for "Canada" and "Mexico" that would "unmistakenly indicate the name" of each country?

b. Do Canadian and Mexican regulations allow the use of abbreviations for country of origin names?

c. What would be the benefits and costs to consumers and businesses of allowing these or other abbreviations for "Canada" and "Mexico"?

3. Should the Commission amend the Wool Rules to allow a symbol to be used to mean "made in" or "product of," or other similar phrases, in country of origin labeling?

a. What would be the advantages and disadvantages of allowing the use of a symbol?

b. If the Commission decides to allow the use of a symbol, which symbol should be used?

c. What benefits and costs would allowing a symbol have for businesses or for purchasers of the products affected by the Wool Rules?

d. What actions can be taken to ensure that consumers understand what the symbol means?

e. How would the use of a symbol work when manufacturers wish to distinguish between the country of origin of an unfinished wool product and the country where another phase of the manufacturing process takes place,

as in "Made in the Dominican Republic of United States components"?

### *Label Mechanics and Wool Rule 10(a)'s "Fiber Content on Reverse Side" Disclosure Requirement*

4. Should the Commission amend Wool Rule 10(a) to eliminate the requirement that the front side of a cloth label, sewn to the product so that both sides of the label are readily accessible to the prospective purchaser, bear the words "Fiber Content on Reverse Side" when the fiber content disclosure is listed on the reverse side of the label? Is there a continuing need for such a requirement?

5. Should the Commission amend Wool Rule 10(a) to allow the required fiber content information to appear on the reverse side of any kind of allowable label as long as the information remains "conspicuous and accessible?"

a. What benefits and costs to consumers and firms would result from each of these alternative amendments? Would these amendments have a significant economic impact on a substantial number of small businesses? Can that impact be quantified?

6. Are there any rules or regulations concerning label attachment in Canada or Mexico that conflict with the Wool Rules? If so, what are they, and how do they conflict?

### *Identification Numbers of Manufacturers or Other Responsible Parties*

7. If it were consistent with the Wool Act to do so, should the Commission amend the Wool Rules to allow the interchangeable use of RN, CA, or Mexican tax numbers?

a. What would be the advantages and disadvantages of a system of shared information? Alternatively, what would be the advantages and disadvantages of a system whereby one NAFTA country recognized and allowed the identification numbers of another NAFTA country, provided that the information would be made easily accessible to those seeking it?

b. Would the implementation of a system of shared information across national borders be feasible?

c. What impact would a system of shared information have on the ability of consumers and businesses to track responsible parties?

d. What benefits and costs to consumers and businesses would result from such an amendment? Would such an amendment have a significant economic impact on a substantial number of small business entities? Explain the nature and amount of such impact.

8. Is the proposed amendment to Wool Rule 4(c)—enabling the Commission to cancel an RN where the information contained on the original application is not properly updated—reasonable and appropriate? Are there other alternatives that would enable the Commission to maintain an accurate data base?

### *Fiber Identification Labeling*

9. Should the Commission amend the Wool Rules to permit the abbreviation of fiber names on fiber content identification labels?

a. What costs and benefits to consumers and businesses would accrue from allowing the use of abbreviations for fiber content identification? Would such an amendment have a significant economic impact on a substantial number of small businesses? Can that impact be quantified?

b. Are there existing abbreviations for fibers that would clearly convey the required fiber content identification information?

c. Is the proposed amendment language set out in this notice appropriate? If not, what amendment language should be used?

10. Do Canadian and Mexican regulations allow the use of abbreviations of fiber names on fiber content identification labels?

11. Do any empirical data (copy tests, etc.) exist concerning consumer understanding of fiber name abbreviations?

12. Should the Commission amend the Wool Rules to provide that the required disclosures be printed on labels that are permanently attached to wool products? Should a permanent label be required only for fiber content identification or for all three required disclosures? Would such an amendment have a significant economic impact on a substantial number of small businesses? Can that impact be quantified?

### *Specialty Fibers Other Than "Mohair" and "Cashmere"*

13. Should the Commission amend Wool Rule 19 to include specialty fibers other than mohair and cashmere?

## V. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA), 5 U.S.C. 601-12, requires that the agency conduct an analysis of the anticipated economic impact of the proposed amendments on small businesses.<sup>57</sup> The purpose of a

<sup>57</sup>The RFA addresses the impact of rules on "small entities," defined as "small businesses," "small governmental entities," and "small [not-for-



regulatory flexibility analysis is to ensure that the agency considers impact on small entities and examines regulatory alternatives that could achieve the regulatory purpose while minimizing burdens on small entities. However, Section 605 of the RFA, 5 U.S.C. 605, provides that such an analysis is not required if the agency head certifies that the regulatory action will not have a significant economic impact on a substantial number of small entities.

Because the Wool Act, and the Wool Rules issued thereunder, cover the manufacture, sale, offering for sale, and distribution of wool products, the Commission believes that any amendments to the Wool Rules may affect a substantial number of small businesses. Unpublished data prepared by the U.S. Census Bureau under contract to the Small Business Administration (SBA) show that there are some 94 broadwoven fabric mills making wool products (SIC Code 2231), most of which qualify as small businesses under applicable SBA size standards.<sup>58</sup> In addition, there are 254 narrow fabric mills (SIC Code 2241), producing wool products as well as fabrics of other fibers, more than 80% of which are small businesses. Furthermore, there are many apparel manufacturers that are small businesses covered by the Wool Rules. For example, there are some 288 manufacturers of men's and boys' suits and coats (SIC Code 2311), more than 75% of which are small businesses. There are more than 1,000 establishments manufacturing women's and misses' suits, skirts, and coats (SIC Code 2337), most of which are small businesses. Other small businesses are likely involved in the distribution and sale of products subject to the Wool Rules.

However, the proposed amendments apparently would not have a significant economic impact upon such entities. Comments received during the regulatory review of the Wool Rules indicated that the current costs of complying with the Rules and the Wool Act are minimal. The proposed amendments should clarify existing requirements of the Wool Rules and reduce further the costs of compliance with Wool Act requirements.

The proposal to eliminate the required label disclosure of the functional significance of a named fiber that constitutes less than 5% of total

fiber weight would not place any additional costs or burdens upon companies covered by the Wool Rules. Manufacturers that wish to disclose this information would remain free to do so. For those that do not include the information, labeling costs for such products might be reduced very slightly.

The proposal to eliminate the required disclosure, "Fiber Content on Reverse Side," on the front side of a label where the content is found on the reverse side likewise would not place any additional costs or burdens upon companies covered by the Wool Rules. Manufacturers that choose to continue using this phrase would be able to do so. For those that eliminate the phrase, labeling costs for wool products might be reduced slightly.

In addition, the Commission is requesting comment on whether fiber content information should be required to appear on a label that is permanently attached to a wool product. Such a requirement would ensure that the information remains available to consumers, as well as to professional cleaners, throughout the life of the product. The Commission believes that because of advances in labeling technology, and because many manufacturers already make content disclosures on a permanent label, such a new requirement would likely not prove costly or burdensome for small businesses. However, the Commission is specifically seeking comment as to the potential impact on small businesses.

The Commission proposes to amend Section 4 of the Wool Rules—governing the issuance of an RN number—to clarify that such numbers are subject to cancellation if changes in the information provided in the original application for the number are not reported to the Commission. This amendment does not impose any new requirement upon businesses. Furthermore, while Commission cancellation of an identification number would require a business to re-apply, this may be done simply by submitting the identifying information already called for in the Rules. Therefore, amending the Rules as proposed will not impose any significant economic costs on members of the industry.

The Commission also proposes to amend Sections 8 and 9 of the Wool Rules to allow abbreviations for generic fiber names in fiber content disclosures on labels. Similarly, the Commission seeks comment on the optional use of abbreviations and symbols to indicate the country of origin of the product. Section 25a of the Wool Rules already permits country name abbreviations that "unmistakenly indicate the name of a

country" However, the Commission seeks comment on specific suggestions for appropriate abbreviations for NAFTA countries, as well as the possible use of a symbol, such as a flag, to denote the words "made in" or "product of," appearing before the country name. The use of any abbreviations or symbols would be optional. Use of abbreviations or symbols could reduce costs to manufacturers somewhat by enabling them to shorten labels and facilitating the use of a smaller label for products to be shipped among NAFTA countries.

Finally, the Commission seeks comment as to whether Section 19 of the Wool Rules should be amended to recognize new specialty fibers produced by the cross breeding of different varieties of wool-bearing animals. Such a change, while likely important to a few firms, is not expected to have a significant impact on the wool industry.

On the basis of available information, the Commission certifies that amending the Wool Rules as proposed will not have a significant economic impact on a substantial number of small businesses. To ensure that no significant economic impact is being overlooked, however, the Commission requests comments on this issue. The Commission also seeks comments on possible alternatives to the proposed amendments to accomplish the stated objectives within the statutory framework. After reviewing any comments received, the Commission will determine whether a final regulatory flexibility analysis is appropriate.

#### VI. Paperwork Reduction Act

The Wool Rules contain various information collection requirements for which the Commission has obtained clearance under the Paperwork Reduction Act (PRA), 44 U.S.C. 3501 *et seq.*, Office of Management and Budget (OMB) Control Number 3084-0047. These requirements relate to the accurate disclosure of material information about wool products, including fiber content and country of origin disclosures. The Rules also require manufacturers and other marketers of covered products to maintain records that support claims made on labels. Many of the disclosure requirements and all of the recordkeeping requirements are specifically mandated by the Wool Act. See 15 U.S.C. 68b, 68d. The Commission has also obtained OMB clearance for petitions concerning whether or not representations of the fiber content of a class of articles are commonly made, or whether or not the

profit organizations," 5 U.S.C. 601. The Wool Rules do not apply to the latter two types of entities.

<sup>58</sup> SBA's revised small business size standards are published at 61 FR 3280 (January 31, 1996).

textile content of certain products is insignificant or inconsequential. A Notice soliciting public comment on extending these clearances through December 31, 1999, was recently published in the Federal Register. 61 FR 43764 (August 26, 1996).

The proposed amendments would not increase the paperwork burden associated with these paperwork requirements and, in fact, would lower the current burden estimate by either eliminating or reducing certain disclosure requirements. Specifically, the Commission proposes to: (1) eliminate the functional significance disclosure requirement of Section 3(b); (2) eliminate the "Fiber Content on Reverse Side" disclosure requirement of Section 10(a); and (3) allow abbreviations for generic fiber names. All of these proposed amendments would allow manufacturers greater flexibility in labeling procedures. Manufacturers that wish to disclose this information (relating to the functional significance of certain fibers and the fact that fiber content is found on the reverse side of the label) would remain free to do so. For those that do not include the information, the labeling burden would be reduced.

The Commission's proposed amendment regarding the cancellation of RN numbers does not impose a paperwork burden on holders of Registered Identification Numbers. This is because the Wool Rules at 16 CFR 300.4 already require companies to notify the FTC about changes in business names, addresses, company type, etc. The current proposal merely adds the element of cancellation by the Commission if these requirements are not met. Neither the initial filing procedures nor the requirement to update the information are new and therefore, no "burden" is imposed.

More importantly, the underlying certification itself does not meet the definition of "information" contained in the PRA. In implementing the Paperwork Reduction Act of 1995, OMB attempted to clarify the exemption for "certifications" in both the Notice of Proposed Rulemaking, 60 FR 30438, 30439 (June 8, 1995) and the Final Rule, 61 FR 44978, 44979 (August 9, 1995) ("the exemption applies when the certification is used to identify an individual in a 'routine, non-intrusive, non-burdensome way.'") This language reflects current guidance in OMB/OIRA's Information Collection Review Handbook (1989), which discusses exempt categories of inquiry (5 CFR 1320.3(h) (1)-(10)) that are not deemed to constitute "information." Certifications, as well as other forms of

acknowledgments, comprise one of these categories.<sup>59</sup> Such inquiries are considered to be routine because response to the requests rarely requires examination of records, usually does not require consideration about the correct answer, and usually is provided on a form supplied by the government. See OMB/OIRA Handbook, p. 29. Accordingly, OMB's regulations exempt certifications from the clearance requirement, provided that no information need be reported beyond certain basic identifying information.

#### VII. Additional Information for Interested Persons

##### A. *Motions or Petitions*

Any motions or petitions in connection with this proceeding must be filed with the Secretary of the Commission.

##### B. *Communications by Outside Parties to Commissioners or their Advisors*

Pursuant to 1.18(c) of the Commission Rules of Practice, 16 CFR 1.18(c), communications with respect to the merits of this proceeding from any outside party to any Commissioner or Commissioner's advisor during the course of this rulemaking shall be subject to the following treatment. Written communications, including written communications from members of Congress, shall be forwarded promptly to the Secretary for placement on the public record. Oral communications, not including oral communications from members of Congress, are permitted only when such oral communications are transcribed verbatim or summarized at the discretion of the Commissioner or Commissioner's advisor to whom such oral communications are made, and are promptly placed on the public record, together with any written communications relating to such oral communications. Memoranda prepared by a Commissioner or Commissioner's advisor setting forth the contents of any oral communications from members of Congress shall be placed promptly on the public record. If the communication with a member of Congress is transcribed verbatim or summarized, the transcript or summary will be placed promptly on the public record.

#### List of Subjects in 16 CFR Part 300

Labeling, Trade practices, Wool.  
Authority: 15 U.S.C. 68.

<sup>59</sup> Specifically, the first category consists of: "affidavits, oaths, affirmations, certifications, receipts, changes of address, consents, or acknowledgements." 5 CFR 1320(H)(1).

By direction of the Commission.

Donald S. Clark,  
Secretary.

[FR Doc. 96-32260 Filed 12-23-96; 8:45 am]

BILLING CODE 6750-01-P

#### 16 CFR Part 301

#### Rules and Regulations Under the Fur Products Labeling Act

**AGENCY:** Federal Trade Commission.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Federal Trade Commission (Commission or FTC) has completed its regulatory review of the Rules and Regulations under the Fur Products Labeling Act (Fur Rules). Pursuant to that review, the Commission concludes that the Rules continue to be valuable to both consumers and firms. The regulatory review comments suggested various substantive amendments to the Rules. The Commission has considered these proposals and other proposals that it believes merit further inquiry. The Commission seeks comment on whether it should amend the Fur Rules to: Allow for a system of shared information for manufacturer, importer, or other marketer identification among the North American Free Trade Agreement (NAFTA) countries; amend Fur Rule 26 (§ 301.26) to specify that a Commission registered identification number (RN) will be subject to cancellation if, after a change in the material information contained in the RN application, a new application that reflects current business information is not promptly submitted; and raise from \$20 to \$85 or more the cost figure for fur trim and other products exempted from the requirements of the Fur Rules.

**DATES:** Written comments will be accepted until January 22, 1997.

**ADDRESSES:** Comments should be submitted to: Office of the Secretary, Federal Trade Commission, Room H-159, Sixth Street and Pennsylvania Avenue, NW., Washington, DC 20580. Submissions should be marked "Rules and Regulations under the Fur Act, 16 CFR Part 301—Comment." If possible, submit comments both in writing and on a personal computer diskette in Word Perfect or other word processing format (to assist in processing, please identify the format and version used). Written comments should be submitted, when feasible and not burdensome, in five copies.

**FOR FURTHER INFORMATION CONTACT:** Bret S. Smart, Program Advisor, Los Angeles Regional Office, Federal Trade Commission, 11000 Wilshire Blvd.,