European Commission
DG Enterprise and Industry

Study of the need and options for the harmonisation of the labelling of textile and clothing products

24 January 2013

Final Report

Disclaimer: the views expressed in this report do not necessarily reflect the opinion of the European Commission

Matrix Insight Ltd

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1.0 Executive summary

This study is focused on the labelling of textile products. By assessing consumer and stakeholder views and combining this with a high-level impact analysis, the study considers the desirability and feasibility of a range of potential change options[1]. The areas covered by the study are summarised in Table 1.

Table 1: Areas covered by the study

Specific types of labelling	Delivery of information to consumers

• information on country of origin
• traceability labelling
• identification of the manufacturer
• care labelling
• size labelling
• flammability labelling
• labelling of allergenic substances
• organic labelling
• environmental labelling
• social labelling
	• electronic labelling and alternatives to labelling to deliver information including:
	    o use of electronic labelling (i.e. RFID chips)
	    o use of codes for obtaining further labelling information online
	• use of language-independent symbols or codes for fibre composition labelling

1.1 Approach and methodology

The study is structured into two main sections:

a. Identification of key issues relating to labelling of textile and clothing products

The aim of this section is to assess:

- the current situation;
- problems relating to the current situation; and
- actions that can be taken/are feasible at a European level to address these problems.

To achieve this, interviews were conducted in a sample of 13 Member States[2]. In each Member State, stakeholders from the following three categories were interviewed: industry organisations, public authorities and consumer organisations. A shortlist of areas and policy options was developed on the basis of the stakeholder interviews and legal advice provided by an external expert.

The policy options retained for the second section all met the dual criteria of:

- desirability (stakeholders' perception of a problem); and
- feasibility (practical possibility for action at EU level).

[1] Terms of Reference.
[2] BE, DE, DK, ES, FI, FR, IT, LT, NL, PL, PT, RO, UK.

b. Assessment of desirability and feasibility of policy options

The second section sets out estimates of the impacts to reach conclusions on which of the options could be cost-beneficial. The section is based on the following sources:

- a consumer survey conducted in seven countries with 3 520 respondents;
- production and consumption data from the Eurostat Prodcom Database;
- secondary data collected from previous studies; and
- stakeholder estimates where no data were available.

1.1.1 Limitations of the study

As the study is a feasibility study aiming to inform a potential impact assessment, policy options are more numerous and more broadly defined than they would be at formal impact assessment stage. This in turn means that it is not possible to provide highly accurate impact estimates. Instead, the figures presented in the impact summary tables should be seen as illustrative examples of the order of magnitude of potential impacts. For the same reason, the authors have abstained from discounting costs and benefits, as this could give the false impression that the impact estimates in this study carry the level of accuracy required for a formal impact assessment. Finally, many of the impacts are only generated via complex impact chains. As a consequence, evidence collected may suggest impacts contingent on predicted changes in consumer and industry behaviour. This is particularly the case for environmental and social impacts, which are discussed in the chapters of the report but in most cases are not quantified.

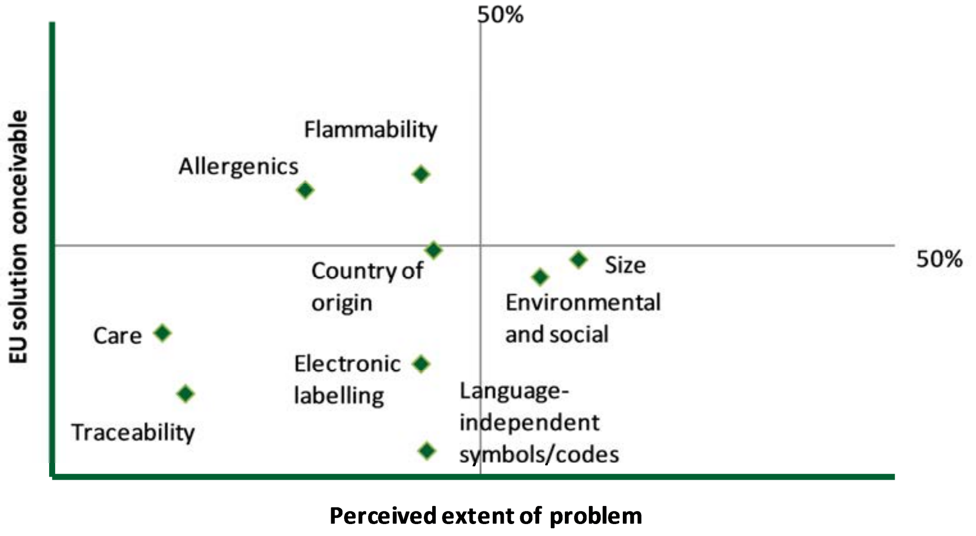
1.2 Research findings

A general finding regarding most of the labels is that national circumstances differ substantially and that the area of textile labelling is complex to the extent that many stakeholders consulted during the study did not demonstrate a full understanding of all the issues involved.

1.2.1 Stakeholder assessment

The findings from the stakeholder consultation with industry representatives and public authorities are summarised in Figure 1. The figure shows the percentage of stakeholders who perceived a certain area to be problematic (horizontal axis) and the proportion of stakeholders who considered a solution at EU level to be conceivable.

Figure 1: Summary of views of industry and public authority stakeholders interviewed

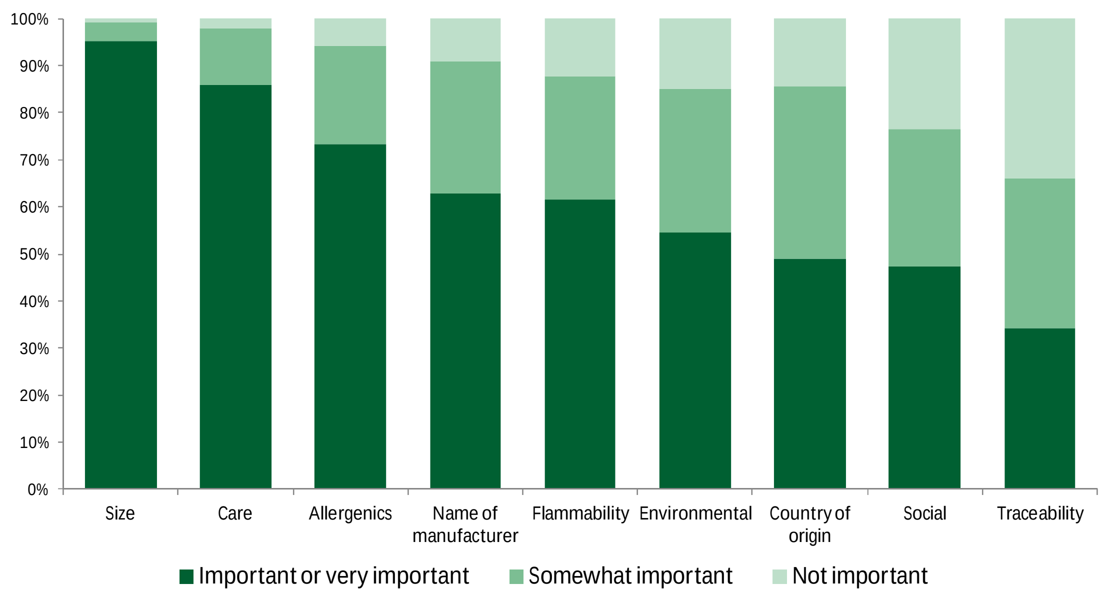


Responses from consumer organisations were limited, and consumer organisations mainly made comments in the following fields:

- country of origin; and
- environmental labelling.

As a consequence, input from the consumer survey was used to validate and augment the findings from engagement with consumer organisations.

Figure 2: Most important information on a label according to consumers surveyed



On the basis of the findings, the following policy areas were excluded from further scrutiny:

Table 2: Issues excluded from assessment

Policy area	Rationale for exclusion
Language-independent code and symbols	Considered by a majority of stakeholders not to be problematic and with very little perceived scope for EU action.
Traceability	
Electronic labelling	Perceived to be an area that might be of increasing importance in the future but with very little perceived scope for EU action in the current context.
Allergenics	A separate study commissioned by the European Commission will consider this issue.
Flammability	Flammability was only commented on by a small subset of stakeholders with the majority being either indifferent or unaware of any issues around it.

Assessment of desirability and feasibility of options

The overview of potential impacts suggested that a campaign to improve caring for clothes and textiles products could be cost-beneficial.

Including textile products within the scope of the **organic regulation** could have a modest positive impact, although it would require a significant majority of the industry to adapt labels. The same is expected to be the case for the policy options focused on tackling misleading environmental claims. However, the success of these policy options will depend in the end on communicating the change to consumers and national level implementation. The same is the case for tackling unsubstantiated claims in the field of social labelling.

In more contentious areas, such as **country of origin**, additional work is likely to be needed to develop consensus among a wide range of industry stakeholders with contrasting preferences and to better understand the impacts on these different groups. The study established that costs are likely to be high even for a voluntary label. Benefits could potentially also be high but are generally difficult to predict and quantify.

The introduction of a **standardised size label** seems not to be cost-beneficial. For a substantial part of the industry to take up a common standard, costs are likely to be very high and benefits appear uncertain.

Country of origin information	
Identification of key issues	
Main problem(s)	Potential consumer misinformation and unfair competition between businesses resulting from lack of explicit uniform origin labelling requirements of clothing and textile products in the EU.
Policy option	Country of origin information system.
Desirability – Stakeholders	
Consumer	**Low positive (+/–)** Evidence of consumer demand for origin information, which is understood as a tool to communicate also about product safety, but risk of cost of adapting labels being passed on to consumer.
Industry	**Low positive (+)** Cost of adapting labels could be substantial for businesses currently labelling in a way that would not be in accordance with the definition of this policy option. Significant risk for businesses if label built on origin definition will deviate from other important global markets (i.e. China and the USA). Better protection of the commercial brand of certain origin countries.
Public authority	**Medium negative (–)** Cost of developing, cost of informing consumers and cost of monitoring and enforcement.
Total impact	**Neutral (+/–)**
Feasibility	
Neutral • The practical implementation of this policy option could be challenging if it requires market surveillance authorities across the EU to perform random checks on textiles and clothing labels. • Existence of labelling systems in other countries indicates that obstacles may be surmountable.	

<table>
<tr><th colspan="5">Cost–benefit</th></tr>
<tr><th colspan="2">Costs</th><th></th><th colspan="2">Benefits</th></tr>
<tr><td>Cost of development</td><td>3–4 years
[not costed]</td><td rowspan="5"></td><td rowspan="2">Hypothetical benefit of increase in sales</td><td rowspan="2">Positive but not quantifiable
[not costed]</td></tr>
<tr><td>Cost of informing consumers (one-off)</td><td>€12.2m</td></tr>
<tr><td>Annual cost of monitoring and enforcement</td><td>€0.68m–13.5m</td><td rowspan="2">Benefit of simplified rules</td><td rowspan="2">No evidence of impact</td></tr>
<tr><td>Cost of adapting labels[3,4] (one-off)</td><td>€603.1m–884.3m</td></tr>
<tr><td>Cost of increasing consumer prices</td><td>No clear evidence
[not costed]</td><td>Benefit for consumer information</td><td>Positive but not quantifiable
[not costed]</td></tr>
<tr><td>Total one-off cost</td><td>€615.2m–856.5m</td><td></td><td>Total one-off benefit</td><td>N/A</td></tr>
<tr><td>Total annual cost</td><td>€0.68m–13.5m</td><td></td><td>Total annual benefit</td><td>Consumer benefit and increase in sales positive but not quantifiable
[not costed]</td></tr>
<tr><td colspan="3">Cost–benefit</td><td colspan="2"><u>Unable to quantify benefits</u>

Cost over a five-year period is estimated to be €618.6m–924m[5]

This cost is equivalent to the value of a 0.2%[6] hypothetical increase in EU sales of clothing and textile products in the same five-year period</td></tr>
<tr><td colspan="2">Desirability: neutral</td><td colspan="2">Feasibility: neutral</td><td>Cost-beneficial: unable to quantify benefits</td></tr>
</table>

[3] As described in detail in Chapter 6.2.1. It is assumed that, for a voluntary label, the cost of adapting labels will fall on the companies that are currently labelling in a way that would be considered misleading under the new rules. The cost of take-up will additionally be borne by industry stakeholders who see an economic benefit in it. However, as this group of businesses will take on the cost voluntarily and therefore presumably have this cost off-set by commercial gains, they are not included in this cost estimate. It is in addition <u>not</u> expected that this group will be large. A voluntary definition will most likely not lead to a significant increase in take-up as any increase in consumer confidence, which could motivate take-up, is likely to be gradual.

[4] This cost estimate only relates to the change of physical label and <u>not</u> to the collection and management of the information on it. This cost category could be significant but only if the chosen definitions differed significantly from those applied for Customs purposes and/or for mandatory systems in other important global markets.

[5] Cost over a five-year period = total one-off cost + (total annual cost*5)

[6] Hypothetical increase in EU sales of clothing and textile products in the same five-year period = cost over a five-year period/(total value of annual sales of textile and clothing products) € 24.1bn/5

<table>
<tr><th colspan="5">Care information campaign</th></tr>
<tr><td colspan="5">Identification of key issues</td></tr>
<tr><td>Main problem(s)</td><td colspan="4">Limited consumer awareness as to how to care for clothes in the most energy efficient way.</td></tr>
<tr><td>Policy option</td><td colspan="4">Awareness-raising campaign concerning sustainable care.</td></tr>
<tr><td colspan="5">Desirability – Stakeholders</td></tr>
<tr><td>Consumer</td><td colspan="4">Medium to high positive (++)
A previous campaign indicates a potential benefit in saved energy per person of €5 per year.</td></tr>
<tr><td>Industry</td><td colspan="4">Neutral to low negative (+/–)
Cost of potential participation in awareness-raising campaign.</td></tr>
<tr><td>Public authority</td><td colspan="4">Low negative (–)
Cost of awareness-raising campaign.</td></tr>
<tr><td>Environment</td><td colspan="4">Medium positive (+)
Reduced environmental impact as a consequence of shift towards more energy efficient ways of caring for clothes.</td></tr>
<tr><td>Total impact</td><td colspan="4"><u>Medium positive (+)</u></td></tr>
<tr><td colspan="5">Feasibility</td></tr>
<tr><td colspan="5">High positive
A similar campaign has previously been successfully implemented.</td></tr>
<tr><td colspan="5">Cost–benefit</td></tr>
<tr><td colspan="2">Costs</td><td></td><td colspan="2">Benefits</td></tr>
<tr><td rowspan="2">Cost of three-year TV campaign (one-off)</td><td rowspan="2">€45m</td><td></td><td>Total annual economic savings
(per person)</td><td>€2.8bn
(€5)</td></tr>
<tr><td></td><td>Environmental benefit</td><td>23.4bn kWh saved</td></tr>
<tr><td>Total one-off cost</td><td>€45m</td><td></td><td>Total one-off benefit</td><td>N/A</td></tr>
<tr><td>Total annual cost</td><td>N/A</td><td></td><td>Total annual benefit</td><td>€2.8bn + 23.4bn kWh saved</td></tr>
<tr><td colspan="3">Cost–benefit</td><td colspan="2"><u>This option is potentially cost-beneficial</u></td></tr>
<tr><td>Desirability: medium positive</td><td colspan="2">Feasibility: high positive</td><td colspan="2">Cost-beneficial: high positive</td></tr>
</table>

Size labelling	
Identification of key issues	
Main problem(s)	Diverging labelling systems make it difficult for consumers particularly in relation to sales online, for others and abroad.
Policy option	Developing a voluntary size designation standard.
Desirability – Stakeholders	
Consumer	**Low positive (+)** Potential savings to consumers resulting from shopping online. Evidence that consumers would be more confident shopping online. Some benefit could be off-set by price increases as a consequence of relabeling.
Industry	**Low positive (+/–)** Survey findings suggest consumers would be more likely to buy through mail-order catalogues and online. Number of online returns is also likely to fall. Some benefit off-set by passing on labelling cost to consumers.
Public authority	**Medium negative (–/–)** Cost of developing size label and informing consumers.
Total impact	**Neutral (+/–)**
Feasibility	
Medium negative • For a standardised size label to be effective, a large proportion of the industry must adopt it more or less at the same time. As costs of take-up for individual businesses are quite substantial, there is a risk that none of the market operators want to carry the costs of being the first to adopt. • If the sizes of clothing needs to change to fit the system (i.e. to avoid selling decimal sizes such as ‘32.3‘), businesses could be discouraged from take-up.	

Cost–benefit				
Costs			**Benefits**	
Cost of development (one-off)	Technical standardisation committee meetings [not costed]		Impact on cross-border sales and online sales	Positive but not quantifiable [not costed]
Cost of three-year TV campaign (one-off)	€45m		Annual benefit of reduction in online returns	€11.2m–67.1m
Cost of adapting labels[7] (one-off)	€4.9bn			
Impact of an increase in prices to consumers	Ambiguous evidence [not costed]			
Cost of implementation such as measuring clothes (one-off)	Potentially very high [not costed]			
One off cost	**€4.9bn + high cost of implementation**		**One-off benefit**	**None**
Annual cost	**Ambiguous evidence**		**Annual benefit**	**€11.1m–67.1m + potential increase in online sales**
Cost–benefit			**This policy option is unlikely to be cost-beneficial** **Over a five-year period, net cost would be €4.6bn–4.9bn[8]** **This cost is equivalent to a sustained increase in online sales of clothing of 4.4–4.7% in the same period (above 2015 estimate baseline[9])**	
Desirability: neutrak	**Feasibility: medium negative**		**Cost-beneficial: neutral**	

[7] Unlike the cases of organic and origin labelling, the cost to businesses of voluntarily taking up the label is included in this estimate (based on a scenario where 50% of businesses would adopt the label). This is because a very high level of take-up is a condition for the value of a harmonised size label.

[8] Cost over a five-year period = total one-off cost + (total annual cost*5)

[9] Forrester Research. 2011. *European Online Retail Forecast, 2010 to 2015*. The report estimates that total EU sales will reach €21bn/p.a. in 2015.
Hypothetical increase in EU online sales of clothing products in the same five-year period =
cost over a five-year period/(total value of annual sales of textile and clothing products) €21bn/5

Organic labelling	
Identification of key issues	
Main problem(s)	The protection of the term 'organic', ensured by the Council Regulation (EC) No 834/2007 on organic production and labelling of organic products, does not currently cover textile products made of organic cotton.
Policy option	Link the use of the term 'organic' for natural fibres (e.g. cotton) to the regulation.
Desirability – Stakeholders	
Consumer	**Low to medium positive (+)** Limited evidence of cost being passed on to consumers. Fewer unsubstantiated organic labels.
Industry	**Low positive (+)** Positive effects on sales. Voluntary nature of labels means that costs of adapting labels are limited to businesses currently not certified (which is 80% of the market). Industry will carry monitoring cost.
Public authority	**Low to medium negative (–)** Cost of developing new legal instruments, and cost of informing consumers. Some enforcement cost.
Environment	**Neutral to low positive (+/–)** Unclear what environmental impact, as it depends on the kind of products consumers shift from.
Total impact	**Low positive (+)**
Feasibility	
High positive This policy option has already been successfully implemented in the USA.	

Cost–benefit					
Costs			**Benefits**		
Cost of development	€0.7m–0[10]		Environmental impact	Positive but not quantifiable [not costed]
Cost of informing consumers (one-off)	€12.2m		Benefit of simplified rules	No evidence of an impact
Annual administrative cost and cost monitoring and enforcement	€8.9m–0.6m		Impact on supply chain of cotton and third countries	No evidence of an impact
Industry cost of adapting labels[11] (one-off)	€52.6m		Hypothetical increase in sales resulting from increased consumer confidence	Positive but not quantifiable [not costed]
Cost of increasing consumer prices	Ambiguous evidence [not costed]			
One-off cost	**€64.8–65.6m**		**One-off benefit**	**N/A**
Annual cost	**€0.5m–8.9m**		**Annual benefit**	**Hypothetical increase in sales + environmental effect**
Cost–benefit			**<u>Unable to quantify benefits</u>** **Over a five-year period, cost would amount to €68.3m–109.9m**[12] **This cost is equivalent to a sustained increase in sales of organic textiles and clothing of 1.5–2.5% in the same five-year period (2011 estimated baseline)**[13]	
Desirability: low positive	**Feasibility: high positive**		**Cost-beneficial: unable to quantify benefits**	

[10] A standard already exists. It has been recognised by the United States Department of Agriculture, and it could be recognised through the existing equivalence agreement of organic produce with the United States.

[11] It is assumed that, for a voluntary label, the cost of adapting labels will fall on the companies that are currently labelling in a way that will be considered misleading under the new rules. The cost of take-up will additionally be borne by industry stakeholders who see an economic benefit in it. However, as this group of businesses will take on the cost voluntarily and by definition have this cost off-set by commercial gains, they are not included in this cost estimate.

[12] Cost over a five-year period = total one-off cost + (total annual cost*5).

[13] Hypothetical equivalent increase in EU sales of organic textile and clothing products in the same five-year period = cost over a five-year period/(total value of annual sales of organic textile and clothing products) €883.7m/5 years.

Unsubstantiated environmental claims	
Identification of key issues	
Main problem(s)	Stakeholder perceived problem with unsubstantiated environmental claims,
Policy option	**a.** Using the Unfair Commercial Practices Directive based on existing good practices **b.** Encouraging standardisation work within CEN
Desirability – Stakeholders	
Consumer	**Medium positive (–/+)** Evidence of consumer interest and willingness to pay for environmentally friendly products.
Industry	**Low positive (+)** Voluntary nature of labels means that the costs of adapting labels are limited to businesses with a commercial interest in the label or with misleading labels. Evidence of limited positive impact on prices and sales.
Public authority	**Medium negative (–)** Developing further guidance is not likely to be very costly, although a CEN standard could be costly. Informing consumers is less important than for other options. Monitoring and enforcement is likely to be expensive.
Environment	**Low positive (+)** Limited impact on the market for products with low environmental impact suggests that the environmental impact would be low.
Total impact	**Low positive (+)**
Feasibility	
Medium positive • This policy option has already been successfully implemented in some member states (e.g. Denmark and the UK). • However, it might not be as effective as the nationally developed guidelines.	

Cost–benefit				
Costs			**Benefits**	
Cost of development	UCP 1 year CEN 3 years [not costed]		Environmental impact	Positive but not quantifiable [not costed]
Cost of informing consumers (one-off)	€6.1m		Simplified rules	Some evidence of an impact [not costed]
Annual cost of monitoring and enforcement	€0.68m–13.5m		Trade with third countries	No evidence of an impact
Industry cost of adapting labels (one-off)	€33m		Impact on sales of environmentally friendly products	Positive but not quantifiable [not costed]
			Benefit to consumers	Positive but not quantifiable [not costed]
One-off cost	**€39m 1–3 years for development**		**One-off benefit**	Positive impact on sales of environmentally friendly products [not costed]
Annual cost	**€0.68m–13.5m**		**Annual benefit**	**Evidence of environmental impact; benefit to consumers; benefit to businesses of simplified rules**
Cost–benefit			**<u>Unable to quantify benefits</u> Over a five-year period, cost would be €42.4m–106.5m[14] This cost is equivalent to the value of a sustained increase in sales of environmentally friendly textile and clothing products of 1–2.4% in the same five-year period (2011 estimated baseline[15])**	
Desirability: low positive	**Feasibility: medium positive**		**Cost-beneficial: <u>unable to quantify benefits</u>**	

[14] Cost over a five-year period = total one-off cost + (total annual cost*5)

[15] Hypothetical equivalent increase in EU sales of environmentally friendly textile and clothing products in the same five-year period = cost over a five-year period/(total value of annual sales of environmentally friendly textile and clothing products) € 883.7m/5

Social unsubstantiated claims	
Identification of key issues	
Main problem(s)	Unsubstantiated social claims
Policy option	Using the Unfair Commercial Practices Directive based on existing good practices. **(This policy option is not independent but a possible extension of the policy option on unsubstantiated environmental claims).**
Desirability – Stakeholders	
Consumer	**Neutral to low positive (+/–)** Evidence of consumer interest and willingness to pay for products produced under adequate working conditions; limited evidence of cost being passed on to consumers.
Industry	**Neutral (+/–)** Voluntary nature of labels means that costs of adapting labels are limited to businesses with a commercial interest in the label and businesses with misleading labels. Evidence of limited positive impact on prices and sales.
Public authority	**Low negative (+/–)** Developing guidance is expected to be more costly than for environmental claims but not significant. Informing consumers will not be expensive when done in conjunction with guidance for an environmental label.
Working Conditions	**Neutral to low positive (+)** Limited impact on the market for products with low environmental impact suggests that the environmental impact would be low.
Total impact	**Neutral (–/+)**
Feasibility	
Medium positive • This policy option has already been successfully implemented in some member states (e.g. Denmark). • However, it might not be as effective as the nationally developed guidelines.	

Cost–benefit				
Costs			**Benefits**	
Cost of development	3 years [not costed]		Social impact	Positive but not quantifiable [not costed]
Cost of informing consumers (one-off)	€0.6m[16]		Benefit of simplified rules	Some evidence of an impact [not costed]
Annual cost monitoring and enforcement	€1.4m–68 000		Trade with third countries	No evidence of an impact
Industry cost of adapting labels (one-off)	€3.3m		Impact on sales of products produced under fair working conditions	Positive but not quantifiable [not costed]
			Benefit to consumers	Positive but not quantifiable [not costed]
One-off cost	**€3.9m Three years for development**		**One-off benefit**	**N/A**
Annual cost	**€68 000–1.4m**		**Annual benefit**	**Evidence of limited benefit to consumers and increase in sales for businesses Little evidence of social impact**
Cost–benefit			**<u>Unable to quantify benefits</u> Over a five-year period, cost would be €4.2m–10.7m[17] This cost is equivalent to a sustained increase in sales of textile and clothing products produced under fair working conditions of 1–2.4%[18] in the same five-year period (2011 estimated baseline)**	
Desirability: neutral	**Feasibility: medium positive**		**Cost-beneficial: <u>unable to quantify benefits</u>**	

[16] This cost is limited as a consumer information campaign would be an addition to a campaign about the tackling of unsubstantiated environmental claims.
[17] Cost over a five-year period = total one-off cost + (total annual cost*5)
[18] Hypothetical equivalent increase in EU sales of textile and clothing products produced under decent working conditions in the same five-year period = cost over a five-year period/(total value of annual sales of textile and clothing products produced under decent working conditions) €88.4m/5 years

2.0 Introduction

This is the report for the **study on labelling requirements for textile products.** The report presents the problem definition framework, data collection, including the findings from the case study interviews, an outline of the objectives and policy options as well as an assessment of the potential impacts of the policy options.

The clothing and textile sector is a significant industry in terms of international trade[19]. **In 2010, the sector accounted for 4.1% of world merchandise export**[20]. Traditionally, the European textile and clothing industry has focused on European markets. But as consequence of recent developments including the economic crisis and its impact of global trade rules, orientation has increasingly shifted towards emerging third country markets.

The textile and clothing industry is diverse and heterogeneous. It covers a large number of activities from the transformation of raw materials into fibres, yarns and fabrics to the production of hi-tech synthetic textiles, wool, bed linen, industrial filters, geo-textiles, etc. These, in turn, are used in multiple applications such as garments, sports equipment, furniture and civil engineering (construction, auto-industry, etc.). The focus of this study is on products intended for consumer use, which would typically carry labels with consumer information. A large proportion of this is clothing, but some textile products such as curtains and sleeping bags are also within the scope of the study as they could also carry labels for consumer use[21]. For the impact analysis of the size label, only the market for clothes has been considered. Leather products have been excluded from the market definition as they are currently outside the scope of the new Textile Regulation (EC/1007/2011) and because these products are the subject of a separate study.

Table 3 provides an overview of the development of the market for clothing products covered by this study.

Table 3: Key figures for the EU market for textile and clothing products covered by this study (billions of euros)

	2009	2010	2011
Annual global sales of EU clothing and textile products covered by this study	31.3	31.7	31.8
Annual EU imports of clothing and textile products covered by this study	56.6	61.4	66.5
Annual EU exports of clothing and textile products covered by this study	13.7	14.4	17.3
Total consumption of clothing and textile products covered by this study	74.3	78.7	81

Source: Eurostat Prodcom Database

The five biggest countries of the EU together account for approximately three-quarters of textile production (Italy, Germany, France, Spain and the UK). In countries such as Portugal, Romania,

[19] The following section is based on the report to DG Trade. 2011. *The Textile and Clothing Sector and EU trade policy.* Available at: http://trade.ec.europa.eu/doclib/docs/2011/october/tradoc_148259.pdf
[20] WHO. 2012. *International Trade Statistics 2011 – World Exports*. Available at: http://www.wto.org/english/res_e/statis_e/its2011_e/its2011_e.pdf
[21] The market definition follows the product groups of chapters 13 and 14 of the NACE rev 2. Classification. For a detailed overview of the product types included, see Annex 4.

Poland and Lithuania, production accounts for between 5% and 15% of the total national economy. All these Member States have been included in the country sample for this study[22].

This section outlines our understanding of study objectives, tasks undertaken and the main risks and challenges addressed.

2.1 Study objectives and aims

The Terms of Reference (ToR) set the objective of the study to be to 'examine consumer and stakeholder views on the amount of information to be supplied on the label of textile products as well as to comment on which other means may be used to provide additional information to consumers'[23].

Specific types of labelling covered by the study are:

- information on country of origin;
- traceability labelling;
- identification of the manufacturer;
- care labelling;
- size labelling;
- flammability labelling;
- labelling of allergenic substances;
- organic labelling;
- environmental labelling; and
- social labelling.

In addition, the study also addresses the means of providing information to consumers (or means of implementing labelling), which include:

- electronic labelling and alternatives to labelling to deliver information including:
    - use of electronic labelling (i.e. RFID chips);
    - use of codes for obtaining further labelling information online; and
- use of language-independent symbols or codes for fibre composition labelling.

2.2 Methodology section

The approach of this study is to test the labelling areas against three basic criteria:

- desirability;
- feasibility; and
- cost–benefit.

In Section 3 (problem definition), the study aims to analyse stakeholder views and identify the key issues with regard to the current state of play. As part of the analysis, issues that are seen as problematic by stakeholders and for which EU action is considered warranted and feasible are set out. On that basis, a shortlist of feasible EU-level actions addressing these problems is

[22] Euratex Factsheet 2012.
[23] Terms of Reference.

developed in section 5 (policy options). Section 6 (impact analysis) aims to provide estimates of the potential costs and benefits associated with each policy option.

The study is based on data from four key sources:

Case studies of a sample of 13 Member States

The sample has been selected to represent all geographical regions (four South, three North, two East and six Central Europe), small and large countries (five big and eight small) and Member States with a large domestic textile industry (six) and Member States without (seven). In each Member State, interviews have been conducted with stakeholders of three types: consumer organisations, public authorities and industry associations. These interviews have formed the basis for Section 3 (problem definition) of the study. Only a few consumer organisations were willing to participate in the study, most of which cited the low priority assigned to the field as the main reason.

Interviews with standardisation bodies, voluntary schemes and other stakeholders

In order to inform the policy development, interviews have been conducted with standardisation bodies such as the CEN and voluntary schemes such as GINETEX, the organisation behind the dominant care labelling system in Europe. An interview has also been conducted with the ETUF:TCL (the European Trade Union Federation: Textile Clothing and Leather sectors). In addition, European-level industry stakeholders such as EURATEX, European Branded Clothing Alliance (EBCA) and European Association of Fashion Retailers (AEDT) have been consulted. These interviews have provided input to Section 3 (problem definition).

Consumer panel survey

The survey was conducted by a specialised company, ORC International, in seven Member States (DE, ES, FR, UK, IT, SE, PL) with 3 520 respondents and took place in May 2012. ORC International Limited owns and maintains a panel of consumers who were consulted online. Participants in the panel receive questionnaires from ORC on an on-going basis regarding different issues. The panel consisted of representatives of consumers from all main regions of each country, with an even distribution of genders, and included an equal number of respondents from three age categories (18–34, 35–54 and 55+). There are a number of caveats regarding the representativeness of panel surveys, which can result in bias. For example, some consumer groups might be less willing to participate in a panel. For this study, an adequate geographical representation was prioritised. However, this means that the results should be interpreted with caution. For this reason, the consumer survey has only been applied to analyse potential impacts on consumers and not on other stakeholder groups (for example, on business through changes in sales).

Secondary data

On the basis of existing studies, estimates of costs and benefits have been established for each policy option. Secondary sources are used throughout the study but particularly in the impact analysis section (Section 6). A component in the cost–benefit analysis is the use of the Eurostat Prodcom database. The term Prodcom is derived from PRODucts of the European COMmunity. This is a survey based on products whose definitions are standardised across the EU to allow comparability between the member countries' data. Prodcom covers some 7 000 products that are assigned to some 250 industries. The Prodcom data are not part of official data collection for Customs but rely on reporting from individual companies. This leads to discrepancies between years as a result of untimely or inaccurate reporting. However, Prodcom data are the only official source of production data, displaying numbers at product group level and describing the EU market in detail. Therefore, they are a useful source for this study as they provide an indication of market size and trends. For a detailed outline of the included products, see Annex 4.

3.0 Problem definition

This section outlines the problem definition based on the research conducted as part of the study. The first subsection outlines the problem definition framework, along with the key research questions. The following sections outline the findings in relation to the individual steps in the problem definition framework.

3.1 Problem definition framework

Figure 3 outlines the main steps in the proposed problem definition framework.

Figure 3: Problem definition framework

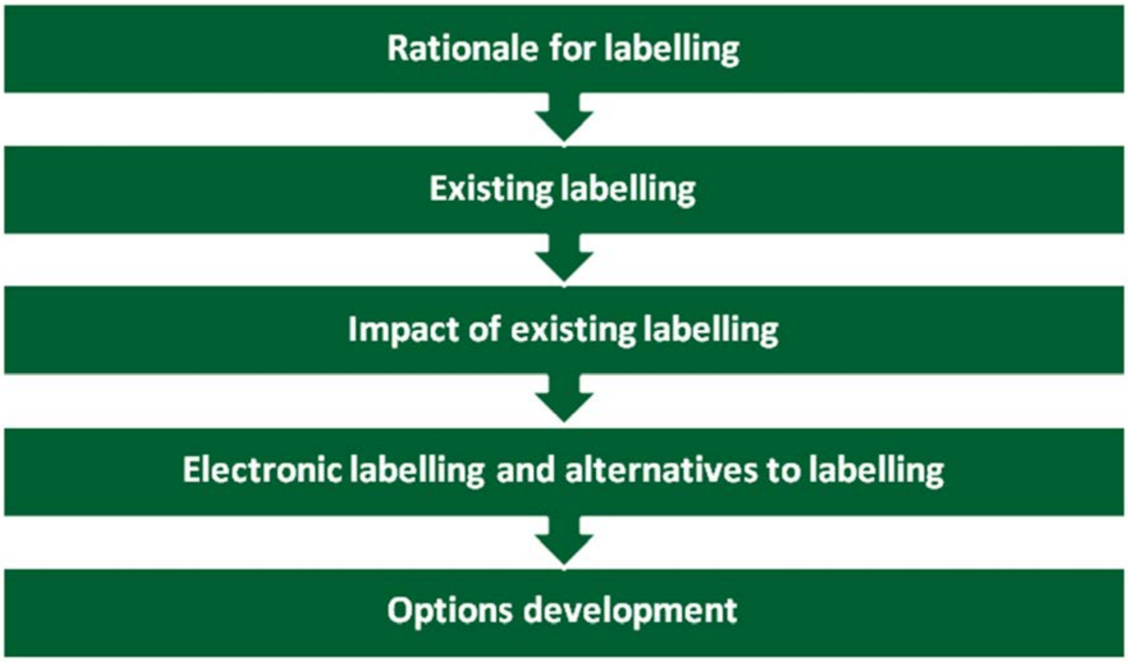


Table 4 outlines the main research questions and data sources used to complete the problem definition.

Table 4: Problem definition research questions and data sources

Element of the framework	Research questions	Data sources
Rationale for labelling	• What is the rationale for introducing labelling for textile products at EU level from the point of view of the: o internal market o consumers o wider society/environment? • What are the main needs that can be addressed by additional labelling?	• Desk research • Comparisons with sectors with extensive EU-level labelling (through desk research and interviews)
Existing labelling	• What are the existing labelling requirements/systems at EU and national level? • How well do these systems function and is there scope for improvement? • What is the level of awareness about the current framework among stakeholders and, in particular, consumers?	• Desk research (completing the baseline scenario) • Interviews with industry associations and individual businesses • Country case studies
Impact of existing labelling	• What are the specific problems in relation to the types of labels under scrutiny in the present study?	• Desk research • Interviews with industry associations and individual businesses • Country case studies • Interviews with representatives of labelling schemes and standardisation initiatives
Electronic labelling and alternatives to labelling to deliver information	• What actions at EU level could improve the current situation? • To what extent could new technologies such as 2D bar codes and RFID chips be part of that solution?	• Desk research • Interviews with industry associations and individual businesses • Country case studies
Options development	• How can the above problems be best addressed? • What combination of labels and implementation of labelling can address the problems identified? • What are the instruments available to the European Commission	• Country case studies • Commission workshop • Expert consultation (legal expert)

The following sections provide an overview of the problem definition issues, structured according to the framework above.

3.2 Rationale for labelling

Labelling has the potential to compensate for the information gaps in the market, which can lead to inefficiencies. Allowing consumers to correctly estimate maintenance costs, durability, health risks and externalities associated with the products they buy can help maximise their welfare. At the same time, providing this information can encourage businesses to innovate and compete in new arenas, as well as to limit the scope of misleading or even fraudulent marketing of goods. Harmonised labelling also has the potential to facilitate the movement of goods in the single market by ensuring more common requirements across different Member States. Finally, labelling can help consumers make purchasing choices based on the environmental or social impact of the products in question, which in turn can increase the sustainability of the textile sector.

Based on existing research, the main principles for investigating labelling of products at EU level therefore include:

- ensuring that national labelling schemes do not constitute an obstacle to the internal market;
- ensuring fair competition between economic operators in the internal market by avoiding misrepresentation;
- ensuring that consumers are aware of the health and safety, environmental and social impacts of products; and
- ensuring that consumers can understand which product they are purchasing, especially when shopping across the EU.

Rationale for the study

In 2009, the Commission launched a proposal for the revision of legislation on textile names and related labelling of textile products[24]. The proposal led to the revision and simplification of the current legislative framework, in particular through the replacement of the existing **three Directives**[25] by a single **Regulation (EU) No 1007/2011**[26] on textile fibre names and related labelling and marking of fibre composition of textile products.

Labelling provisions under the previous Directives aimed to enhance the idea of the single market by harmonising the procedures for determining the composition and labelling of textile products[27] and to provide all consumers with identical information. The primary operational

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[24] *Regulation (EU) No 1007/2011 on textile fibre names and related labelling and marking of the fibre composition of textile products*.

[25] The three Directives were the following: *Directive 2008/121/EC of the European Parliament and of the Council of 14 January 2009 on textile names (recast)*; *Directive 73/44/EEC of 26 February 1973 on the approximation of the laws of the Member States relating to the quantitative analysis of ternary fibre mixtures*; *Directive 96/73/EC of 16 December 1996 on certain methods for the quantitative analysis of binary textile fibre mixtures.* The first, on textile names, stipulated that all textile products should be labelled or marked whenever they are put on the market for production or commercial purposes. The directive covered all raw, semi-worked, worked, semi-manufactured, semi-made and made-up products with more than 80% textile weight content. The labelling indicating the fibre composition was mandatory in all stages of the industrial processing and commercial distribution of a product. The last two harmonised the methods for sampling and analysis to be used in Member States for the purpose of determining the fibre composition of binary and ternary textile fibre mixtures. Both Directives have been introduced in order to facilitate the implementation of the provisions on the harmonisation of textiles names (regulated through Directive 2008/121/EC, which was repealed by Regulation 1007/2011, but first introduced as early as 1971). In this sense, (a) they identified methods for the quantitative analysis of binary and ternary fibre mixtures, (b) they set up rules in case no uniform method existed and (c) they specified proceedings that take into consideration recent technical progress.

[26] *Regulation (EU) No 1007/2011 was published in the OJ on 18 October 2011* http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:272:0001:0064:EN:PDF

[27] Department of Trade and Industry of the United Kingdom. 2006. *Explanatory Memorandum to the Textile Products (Determination of Composition), Regulations 2006 No 3298*, London. Available at: www.analytical-s.co.uk/EC%20Directives/EXPLANATORY%20MEMORANDUM%20TO%202006%20No%203298.pdf

objective of the revision was to facilitate the adoption of new fibre names to be included in the harmonised list of fibres[28] while keeping the main objectives of EU legislation in this field, namely to eliminate barriers to the internal market in the textile sector and guarantee that appropriate information is provided for consumers.

In the framework of the inter-institutional debate for the adoption of the new regulation on textile names and related labelling, the European Parliament raised the need to examine further harmonisation of the labelling requirements for textile products.

Following intense inter-institutional negotiations, the request resulted in a **comprehensive review clause included in the legal text of the new regulation**. The European Parliament and the European Council invited the Commission to submit a report regarding possible new labelling requirements to be introduced at Union level by 30 September 2013[29]. This review clause constitutes the rationale for this study.

In response to the request of the European Parliament and Council, the Commission has agreed to relaunch a wide debate with all relevant stakeholders at EU level on the further harmonisation of labelling requirements of textile products, which covers a comprehensive list of topics. This study aims to contribute to this process.

[28] Opinion of the European Economic and Social Committee on the Proposal for a Regulation of the European Parliament and of the Council on textile names and related labeling of textile products. COM (2009) 31 final/2 2009/0006 (COD).

[29] See recitals 19, 20, 21, 26 and article 24 (provisional numberings) of the Position of the European Parliament adopted at second reading on 11 May 2011 with a view to the adoption of *Regulation (EU) No 1007/2011 of the European Parliament and of the Council on textile fibre names and related labelling and marking of fibre composition of textile products* (http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2011-0218+0+DOC+XML+V0//EN&language=EN#BKMD-67)

3.3 Overview of the existing EU labelling regime

This section outlines the existing labelling regime with regard to textile products in the EU. As any proposed additional EU action in the area of labelling needs to take into consideration the existing regime, developing a solid understanding of it is an important first step. At the end of this section, an overview of the stakeholder responses to the current regulatory framework is provided.

3.3.1 EU regulatory framework

As mentioned above, the EU legislative framework concerning textile labelling consists first of all of the new regulation on fibre composition legislation (Regulation (EU) No 1007/2011), which replaces three Directives. Besides sector-specific requirements, horizontal legislation such as the Unfair Commercial Practices Directive[30] (Directive 2005/29/EC) or the General Product Safety Directive[31] (2001/95/EC) also applies to the labelling of textile products. Finally, the Community Customs Code (450/2008/EC) provides a definition of origin for clothing and textile products. This legislation, as well as other relevant EU legislative initiatives, is described in the sections below.

One of the main novel provisions introduced by the Regulation is Article 12, which implies a **labelling requirement to textile products containing 'non-textile parts of animal origin'**. This formulation is to be clearly stated on the label if a piece of garment contains any animal-derived parts.

Unfair Commercial Practices Directive (EC/2005/29)

The Unfair Commercial Practices Directive (UCPD) was adopted in 2005 and was set to be implemented across the Member States by December 2007. An important aspect of the Directive concerns misleading actions in commercial practices. A commercial action is considered misleading if it contains false information and is therefore untruthful, or in any way, including overall presentation, deceives or is likely to deceive the average consumer, *even if the information is correct*[32].This also includes omissions of information. A vendor must provide the material information that the average consumer needs. It is, for example, misleading to:

- omit material information that the average consumer needs, according to the context, to take an informed transactional decision;
- hide or provide material information in an unclear, unintelligible, ambiguous or untimely manner; or
- fail to identify the commercial intent of the commercial practice if not already apparent from the context.

The UCPD touches on the questions of country of origin, traceability and environmental and social labelling in as far as certain uses of such labels can be misleading to consumers. The UCPD provisions about misleading origin labelling do not provide a clear definition of origin. The Directive has, however, left scope for interpretation in the national implementing measures,

[30] *Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive') (text with EEA relevance).*

[31] *Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general product safety.*

[32] Directorate General Health and Consumer Protection. 2006. *The Unfair Commercial Practices Directive – New laws to stop unfair behaviour towards consumers.* Luxembourg: Official Publication of the European Communities.

which means that these provisions are more effective in some countries than in others. In 2009, a comprehensive set of implementing guidelines was published by the Commission, which addressed among other issues the problem of unsubstantiated environmental claims[33].

General Product Safety Directive (EC/2001/95)

The General Product Safety Directive (GPSD) aims to ensure the safety of consumer products that are not covered by specific sectoral legislation. The Directive includes a definition of safe product and, importantly, sets out that, when there are no national rules, the safety of the product is to be assessed according to, among others, European standards[34]. This is of significance to the study, as the Directive effectively constitutes a framework that makes CEN standards, which are referenced in the Official Journal of the EU, quasi mandatory. Consumer products complying with those standards are presumed to be safe regarding all those features that are referred to in the standard. The Directive is also important for this study in that its transposition can in some cases involve a requirement to identify the manufacturer of a product.

European Customs Code (EC/450/2008)

The Community's basic customs legislation is contained in the Customs Code (CCC) (Regulation EEC/2913/92) and the Code's Implementing Provisions (IPC) (Regulation EEC/2454/93). Implementing powers are conferred on the Commission, which is assisted by a Customs Code Committee[35]. The Customs Code includes provisions defining the non-preferential rules of origin. Non-preferential rules are used for commercial policy measures, notably anti-dumping duties and countervailing duties, trade embargoes, safeguard and retaliation measures, quantitative restrictions. **It can, however, also be used for origin marking.** Although it does not make explicit reference to the European Customs Code, the Code nevertheless contains the only product origin definition in European law and therefore holds a special status.

Rules of origin are administered by Customs departments rather than by trade ministries, and the Kyoto Convention of the World Customs Organisation (1973, revised 1999) is the international basis for defining them[36]. This convention sets down the two fundamental concepts that determine the origin of a product, namely 'wholly obtained' products and products having undergone a 'last substantial transformation'. These are the central concepts applied in the CCC.

If only one country is involved, the **'wholly obtained'** concept will be applied. In practice, this will be restricted to products obtained in their natural state (e.g. minerals) and products derived from wholly obtained products[37]. If two or more countries are involved in the production of goods, the concept of **'last, substantial transformation'** determines the origin of the goods.

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[33] *Brussels, 3 December 2009 SEC(2009) 1666 Commission Staff Working Document guidance on the implementation/application of Directive 2005/29/ec on unfair commercial practices.*

[34] See http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

[35] A modernised customs code, *Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008 laying down the Community Customs Code (Modernised Customs Code)*, has been adopted and will repeal Regulation EEC/2913/92 as it is implemented in the coming years. However, the changes are not significant to the subject at hand.

[36] Gibbon, Peter. 2008. *Rules of origin and the European Union's preferential trade agreements, with special reference to the EU–ACP Economic Partnership Agreement*, Danish Institute for International Studies (DIIS), Working Paper 2008/15. Available at: http://www.diis.dk/graphics/Publications/WP2008/WP08-

[37] Article 23 of Council Regulation No 2913/92 (CC).

Although the principle of last substantial transformation is universally recognised within the WTO contracting countries, there is wide variation in the practice of governments[38]. To determine the last substantial transformation, one or more of the following three types of criteria are usually applied:

1. a rule requiring a change of tariff (sub)heading in the Harmonised System Nomenclature (i.e. a product moves from one category to another)[39];
2. a list of manufacturing or processing operations that do or do not confer on the goods the origin of the country in which these operations were carried out; or
3. a value added rule, where the increase in value resulting from assembly operations and incorporation of originating materials represents a specified level of the ex-works price of the product.

When two or more countries are involved in the production of a good, the origin of the good must be determined in accordance with Article 24 of the Customs Code[40]. However, for most textile products, Annex 10 of the IPC gives specific processes that must be fulfilled in order to obtain the non-preferential origin. This annex must be read in combination with Annex 9 of the IPC describing how to apply the rules of Annex 10. The rule of thumb is the change in tariff subheading (type 1 criterion). Furthermore, certain processes never confer non-preferential origin on a textile product, even when the change in tariff heading rule is fulfilled. These are known as 'minimal operations' in Article 38 of the IPC (type 2 criterion).

As part of the WTO Uruguay Round of Multilateral Trade Negotiations, it was agreed between WTO members to harmonise the non-preferential rules of origin. For that purpose, the Agreement on Rules of Origin of Marrakech (1994) established a work programme (HWP). In the negotiations under the HWP for each subheading in the Harmonised System of the WCO, a rule has to be established that reflects the last substantial transformation carried out on the non-originating materials. If this rule is fulfilled, the product obtained will acquire the non-preferential origin. If the rule is not fulfilled, general residual rules or residual rules per Chapter or Heading allow the origin of a product to be determined.

Recently, the US labelling system for beef and pork, COOL, has been found to be inconsistent with WTO trade obligations[41]. The US COOL measure forced the livestock industry in Canada and other countries that trade with the US to go through a lengthy labelling and tracking system with an unnecessary paperwork burden and additional red tape. This and other recent cases[42] before the WTO dispute settlement authority, the Appellate Body, indicate that origin labelling systems including requirements for traceability should be carefully designed in order not to impose unreasonable burdens on economic operators from other countries.

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[38] http://www.wto.org/english/tratop_e/roi_e/roi_info_e.htm

[39] The Harmonized System (HS) nomenclature developed by the WCO entered into force on 1 January 1988 through a Convention. Although Article II of the GATT (Schedules of Concessions) does not establish a specific nomenclature to be used by Members in this respect, and despite the fact that other nomenclatures such as the BTN and CCCN were used in the past, the HS has become the de facto standard for Members in this respect.

[40] Council Regulation No 2913/92 (CC) Article 24 states: 'Goods whose production involved more than one country shall be deemed to originate in the country where they underwent their last, substantial, economically justified processing or working in an undertaking equipped for that purpose and resulting in the manufacture of a new product or representing an important stage of manufacture'.
For textiles and textile articles of Section XI of the Combined Nomenclature (CN), the general rule is that the working or processing carried out on the non-originating materials must result in a classification under another heading of the CN for the products obtained. This rule is known as 'Change of Tariff Heading' (CTH) (Art. 37 IPC).

[41] http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds384_e.htm#bkmk384r

[42] *US – Clove Cigarettes* (DS 406 – AB report of 4 April 2012), *US – Tuna II (Mexico)* (DS 381 – AB report of 16 May 2012) and *US – COOL* (DS 384, DS 386 – AB reports of 29 June 2012).

2005 Country of origin labelling proposal

As this study covers the country of origin labelling, it is important to take into account previous European initiatives in the area. Following two years of consultation, in 2005, the Commission tabled a draft regulation proposing mandatory origin labelling in a number of product categories imported from third countries, including textiles. The arguments behind the proposal focused on consumer information, ensuring transparency and establishing a level playing field with respect to the EU's major trading partners, many of whom already have legislation in place[43]. However, differences of views across Member States meant that the issue was held by the European Council for a number of years. With the adoption of the Lisbon Treaty, the proposal was discussed in the European Parliament. The first reading was concluded in October 2010 when a significant majority voted in favour of the proposal. The definition of 'origin' would follow the principles applied in customs, i.e. that 'Goods have their origin where they are wholly obtained or where they underwent the last substantial transformation'[44].

There appears to be a trend in other sectors towards expanding the scope of the labelling requirement to more industrial products. Other fields of product labelling that have recently been reviewed include the mandatory labelling of country of origin for cosmetic products (Regulation (EC) No. 1223/2009). This means that the failed efforts to adopt transversal legislation in the field appear to have resulted in sector-specific origin labelling rules mushrooming at sector level. In the area of agricultural and food products, origin labelling requirements have already been in place for certain meat products and, in June 2011, the adoption of Regulation EU No 1169/2011 opened the way for an extension of their scope to other meat products and to the possibly of exploring other food products[45].

3.3.2 Voluntary labelling systems

In addition to mandatory national systems, there is also a range of voluntary labelling systems. These **voluntary schemes are used in selected markets and should be taken into account in the development of policy options**. The main voluntary systems currently in use are presented in Table 5.

[43] European Commission Directorate-General for Trade. 2006. '*made-in*' *– an EU origin marking scheme, parameters and prospects*, Brussels.
[44] European Commission Directorate-General for Trade. 2006. '*made-in*' *– an EU origin marking scheme, parameters and prospects*, Brussels.
[45] Article 26 of Regulation (EU) No 1169/2011 of the European Parliament and of the Council of 25 October 2011 on the provision of food information for consumers.

Table 5: Voluntary labelling systems

Type of labelling	Labelling system
Care labelling	ISO 3758/GINETEX
Size labelling	EN 13402
Environmental labelling	EU Ecolabel (Regulation (EC) No 66/2010) Nordic Swan Blue Angel (Germany) Öko-tex (Germany) Made in Green
Environmental and social labelling	GOTS (Global Organic Textile Standard)[46]

The sections below outline some of the voluntary systems.

Care labelling

The GINETEX[47] symbols are small pictograms indicating recommended forms of washing, drying, ironing, bleaching and dry cleaning and are now widely used in all EU Member States. The symbols are protected as trademarks in many countries, and using them is only allowed following a contract with GINETEX. GINETEX is composed of 18 national councils, which are mandated to represent GINETEX and promote correct use of the symbols. Where the symbols are registered as trademarks, these councils can also charge royalties from businesses that are using the symbols. How this is practically executed in the Member States is detailed in Section 3.5.3. In some cases, such as Portugal, Denmark and Germany, the national council is a business association for the textile industry. In other cases, such as Finland, Slovenia and the UK, the councils are standardisation bodies or private labelling consultancies. The users of the GINETEX symbols are not subject to random checks or stock controls by any central authority. The responsibility for the accuracy of the labelling is left with the producer.

GINETEX has since agreed with ISO to take over the system which became the ISO 3758 international standard. However, GINETEX retained the trademark rights to the language-independent symbols. Although the base symbols remain broadly unchanged, the standard does undergo occasional revision, with the latest standard to be published shortly.

Size labelling

For the past decade, a working group within the European Standardisation Body, CEN, has negotiated a common voluntary standard for the labelling of clothes. The standard EN 13402 is based on body dimensions and makes use of a pictogram as well as the metric system. Although the standard is available, its fourth phase, which links the specific measures and size intervals to a code, has not yet been developed, and consultation with stakeholders suggested that there is a lack of common agreement as to the final form of the standard and how it should be communicated on labels.

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[46] General standards for social responsibility such as the SA 8000 and the ISO 26000 are also used by some textile manufacturers. They are not represented in Table 5 as they have only been mentioned in one of the interviews conducted with industry stakeholders in this study (except for a Belgian industry organisation, which noted that one of their members uses it). Just like the GOTS standard, the SA 8000 and the ISO 26000 include requirements based on international workplace norms of International Labour Organisation (ILO) conventions.

[47] The International Association for Textile Care Labelling (GINETEX) was founded in 1963 in Paris. Its establishment was the culmination of a series of symposiums aimed at addressing two rising challenges to the clothing industry. First, caring for garments was becoming increasingly complex with the introduction of chemical fibres, new finishing techniques and advanced washing machines. Second, the globalisation of trade created the challenge of multiple languages. The result was a set of recognisable symbols indicating appropriate care of garments.

In addition to the CEN working group, parallel work on clothing sizes is done within ISO (ISO/TC 133). The ISO approach is also based on body dimensions, but is considered by some stakeholders to be a simpler proposal.

Environmental labelling

Environmental labelling covers a wide range of issues, and the existing labels are differentiated in terms of both the criteria applied and the control system. Environmental labels and declarations can be broadly divided into three different types.

Table 6: Types of environmental labels and declarations

Type	Description
Type 1 **ISO 14024**	Voluntary, multiple criteria based, third party programme that awards a licence authorising the use of environmental labels on products indicating overall environmental preferability of a product within a particular product category based on life cycle considerations
Type 2 **ISO 14021**	Informative environmental self-declaration claims
Type 3 **ISO 14025**	Voluntary programmes that provide quantified environmental data on a product, under preset categories of parameters set by a qualified third party, based on life cycle assessment and verified by that or another qualified third party

Source: http://www.globalecolabelling.net/what_is_ecolabelling/

There are three main criteria, which are given different weight in the different schemes: organic farming; harmful substances; and environmental impact. Below, we outline some of the main labels and key differences between them.

The **Nordic Swan** and the **EU Ecolabel** are both type 1 labels taking a multicriteria and life cycle approach. They use broadly the same general criteria for textile products, namely a variety of criteria encompassing health and environmental aspects as well as requirements for fitness for use. There are also procedural requirements for awarding these labels, which means that checks on final products are not sufficient. This is one of several reasons why these standards are viewed as more costly and, consequently, are less widespread. Some large retailers have also pointed out that the focus of the criteria tends to be on individual articles, which is problematic for businesses wishing to certify their entire product range.

The **Blue Angel** is the first and oldest environment-related label for products and services in the world. It was created in 1978 on the initiative of the Federal Ministry of the Interior and approved by the Ministers of the Environment of the federal German government. It is a market conform instrument of environmental policy designed to distinguish the positive environmental features of products and services on a voluntary basis. Today, about 11 700 products and services in about 120 categories carry the Blue Angel environmental label. No brands, products or vendors are currently licensed to carry the Blue Angel in the field of textiles except for carpets and rugs. Like the Nordic Swan and the EU Ecolabel, the Blue Angel is a category 1 label based on a product's life cycle.

Oeko-Tex is an association of independent laboratories mainly located in Europe. Together, they administer the certification standards **Oeko-Tex 100 and Oeko-Tex 1000**, of which the former is by far the most widely used environmental standard in Europe. However, designating Oeko-Tex 100 as an environmental standard is potentially misleading as its focus is exclusively on the absence of chemicals dangerous to human health rather than on environmental impact.

This therefore distinguishes it from labels such as the European Ecolabel, which takes a multicriteria and life cycle approach. Nevertheless, the Oeko-Tex label is verified by a third party, and emphasis is on random laboratory checks of certified garments. Its popularity can be attributed to the fact that final product control is very cost-effective compared with inspections.

Made in Green is a textile-specific certification that covers health, social aspects and environmental impact. It is predominantly used in Spain but also exists in Belgium and the UK[48]. Company certificates must be renewed annually to receive certification. The process involves not only the company requesting certification but also the certification of all suppliers, wherever they are located[49].

The **Global Organic Textiles Standards (GOTS)** initiative builds on the definition of organic produce, which is defined by law in the USA and EU. In Europe, it is the European regulation on organic production and labelling of organic products (EC/834/2007), which entered into force in 2009, which governs the area. It sets down the criteria for farming products to be considered organic. Such products are defined as products coming from or related to organic production. The specific principles applicable to farming include the maintenance and enhancement of soil life, the minimisation of the use of non-renewable resources and off-farm inputs, the recycling of wastes and by-products of plants and animals, taking account of the local or regional ecological balance. So far, a certification of products containing 70% and 95% organically produced fibres, respectively, has been developed. The latter was introduced following pressure from businesses exceeding the basic requirements. As mentioned above, this label also includes the basic social standards developed by the International Labour Organisation (ILO). Certification costs vary according to the certification body. GOTS has approved 15 certification bodies worldwide. The cost of certification depends on the size and type of the business and the range of products processed traded with GOTS certification. Certification bodies will charge between €1200-3000 for certification of businesses with one facility. GOTS collects an annual license fee from certification bodies of €120 for each facility inspected. A UK GOTS certification body charges a flat administration fee and then a turnover-based fee of 0.03–0.3% depending on turnover (sliding scale)[50].

Table 7 outlines the key characteristics of the above environmental systems.

Table 7: Voluntary environmental labelling systems

	Health requirements	Environmental requirements	Organic production	Control
EU Ecolabel	√	√	√	Process
Nordic Swan	√	√		Process
Blue Angel	√	√		Process
Oeko-Tex 100	√			Final product
Made in Green	√	√		Process
GOTS	√	√	√	Process

In addition to these labels, there are a number of labels that are effectively a form of self-certification (i.e. ISO type II labels), which are viewed by some stakeholders as being potentially misleading. Within CEN, there is currently a group that is working on the development of industry standards for the use of particular terms such as 'sustainable', 'green' or

48 http://www.ecolabelindex.com/ecolabel/made-in-green
49 http://www.madeingreen.com/
50 Interview with a GOTS representative.

‘environmentally friendly’, which are believed to be abused. This could eventually lead to better control and a reduction in unsubstantiated claims. However, the working group is still at a very early stage, and a stakeholder close to the work stresses the challenges in regulating very general expressions such as ‘green’.

In summary, the three areas have developed in different ways:

- in the field of **care labelling**, a common standard has developed, which is used in all Member States;
- in the case of **size labelling**, the complexity of the process within CEN has left the issue of multiple competing standards unresolved; and
- in the field of **environmental labels**, there is a wide variety of labels, often with different focus, as well as a continuous development of new schemes.

3.4 Functioning of current EU labelling requirements: Regulation EU/1007/2011

This section provides an overview of the stakeholder responses with regard to the current regulatory framework, in particular concerning the new Regulation on textile names and related labelling of textile products. These views are important to consider, as they should be the starting point for any new initiative and inform any additional proposals in this area.

The stakeholders consulted (industry and public authorities) expressed particular concerns regarding Article 12, namely the indication of 'non-textile parts of animal origin' in the new Regulation on textile names. The interview responses suggest a general scepticism towards Article 12 in the new Regulation. Most of the industry stakeholders believe it will be problematic to comply with, the UK industry stakeholder being a notable exception. However, there is also consensus that it is still too early to tell how it will work as the new Regulation has only recently entered into force (8 May 2012).

Industry stakeholders from Denmark and Germany pointed out that there is no lower limit of what must be labelled, meaning that even a bone button (a commonly used example) in theory will trigger the labelling, which has to carry the exact wording. Secondly, Article 12 does not require the non-textile parts to be identified in terms of both the part of garment in question and the nature of the animal products they are made of. The inclusion of the Article 12 wording can, for instance, lead consumers to believe that an artificial fur collar on a garment is authentic, whereas in fact the garment's only non-textile parts of animal origin are the bone buttons. However, it is important to note that these issues are largely hypothetical problems that industry stakeholders expect to encounter, rather than actual experiences, as the Regulation is in the first months of its implementation.

3.5 Key issues related to specific labels: industry and public authorities:

This outlines the results of the consultation with two of the three main stakeholder groups (industry associations and public authorities) carried out during Member State case studies. Input from the third stakeholder group (consumer organisations) is treated in the following section. Engagement by consumer associations was more limited and, therefore, in order to ensure that consumer views are not disregarded when viewed alongside more extensive input from industry and public authorities, they are considered separately.

The consultation focused on views regarding specific forms of labelling. The subsections below therefore reflect the four main consultation questions:

- what is the current situation?
- what are the problems with the current situation?
- what actions can be taken/are feasible at European level?
- what are the costs and benefits of such actions?

3.5.1 Country of origin information

This section outlines the interim case study interview findings with regard to the country of origin labelling. Table 8 provides an overview of EU rules and international commitments in the field.

Table 8: Overview of origin rules in EU and internationally

Existing legislation	Key paragraphs
Existing EU legislation (see Section 3.3.1 for details)	**General Product Safety Directive (2001/95/EC)** ***Article 5.2 –*** *Establishes that* '[distributors] shall participate in monitoring the safety of products placed on the market, especially by[…]providing the (commercial) documentation necessary for tracing the origin of products[…]' **Unfair Commercial Practices Directive (EC/2005/29)** ***Article 6 – Misleading actions*** *Prohibits misleading information about* 'the main characteristics of the product, such as [...] geographical or commercial origin [...]' **Community Customs Code (EEC/2454/93)** **Title IV – Origin of goods, *Chapter 1, Non-preferential origin***[51] *Provides the only existing definition in EU law*

[51] *Section 1 – Working or processing conferring origin*
Article 36: For textiles and textile articles falling within Section XI of the combined nomenclature, a complete process, as specified in Article 37, shall be regarded as a working or processing conferring origin in terms of Article 24 of the Code.
Article 37: Working or processing as a result of which the products obtained receive a classification under a heading of the combined nomenclature other than those covering the various non-originating materials used shall be regarded as complete processes.

WCO/WTO	**<u>World Customs Organisation and World Trade Association:</u>** **<u>GATT 1994</u> Article IX: Marks of origin**[52] *Requires the use of a uniform definition based on the concepts of last substantial transformation*
Legislation of EU main trading partners	**<u>USA (Mandatory)[53]: Qualified Origin Marking System</u>** Origin labelling of textile products produced or partly produced in the USA is monitored by the Federal Trade Commission and regulated in a separate legal act: Textile Fiber Product Identification Act, 16 C.F.R. Part 303. The main principle in determining whether a product[54] is 'made in the USA' is that 'all or virtually all' processes must have taken place in the US. This includes: • site of final assembly must be American; • a strict value added test; • producer must have consulted subcontractors about origin of subcomponents. In addition to this, a qualified origin is warranted if parts of the processing happened outside the US (e.g. made in the USA from imported fabric). Products produced entirely outside the American territory[55] must carry an origin label on the basis of the last 'substantial transformation'. A substantial transformation is a manufacturing or other process that results in a new and different article of commerce, having a new name, character and use that is different from that which existed prior to the processing. Country-of-origin determinations using the substantial transformation test are made on a case-by-case basis through administrative determinations by the Customs service. **<u>Australia (Voluntary)[56]: Dual Origin Marking System</u>** In Australia, two types of denominations are used with different criteria. The 'Made in Australia' 'safe harbour' has two components: • the goods must have been substantially transformed in the country claimed to be the origin; • 50% or more of the costs of production must have been carried out in that country. The 'Product of Australia' 'safe harbour' has two rigorous criteria that must be met: • the country of the claim must be the country of origin of each significant component of the goods; • all, or virtually all, processes involved in the production or manufacture must have happened in that country.

52 The Article states '1. Each contracting party shall accord to the products of the territories of other contracting parties treatment with regard to marking requirements no less favourable than the treatment accorded to like products of any third country'.
The WTO Committee on Rules of Origin (CRO) and the WCO Technical Committee on Rules of Origin (TCRO) are the two bodies responsible for the full development of this Agreement. In 1999, the TCRO concluded the technical review of the Harmonised Rules of Origin, and these final results were forwarded to the CRO in Geneva for consideration. In 2006, these results were still under consideration by the WTO.

53 http://www.ftc.gov/os/statutes/textile/rr-textl.htm#303.33

54 The Federal Trade Commission regulates the use of the 'made in the USA' label. The following text draws on: Federal Trade Commission. December 1997. *Enforcement policy statement on US origin claims.* Available at: http://www.ftc.gov/os/1997/12/epsmadeusa.htm

55 These are primarily regulated by the US Customs Service (the Tariff Act of 1930), Specifically, Section 304 of the Tariff Act, 19 U.S.C. § 1304, administered by the Secretary of the Treasury and the Customs Service.

56 This text is taken from the 2002 guidelines: *Country of Origin guide for textiles, clothing and footwear industries*. Available from : http://www.accc.gov.au/content/index.phtml/itemId/87951/fromItemId/622023
The legal basis, however, comes from the 'Trade Practices Act 1974 Act No 51 of 1974 as amended' Division 1AA – Country of origin representations Subdivision A – General. It refers to all goods.

Current situation

From the sample of 13 Member States surveyed[57] as part of this study, no country had a mandatory system in place applicable to all clothing and textile products.

- In **France**, there is a private scheme called 'Origine France Garantie'. It currently certifies 55 textile and clothing products[58].
- In **Italy**, a country of origin labelling system was proposed but never implemented. There is, however, a law regarding misleading marketing which functions as a binding requirement on Italian companies.
- In **Spain**, products originating from non-WTO countries are obliged to label the country of origin.
- The **Danish** marketing law provides the opportunity for the minister to create rules in the field in consultation with industry and consumers, but this has not been enacted in the field of textiles[59].

In some Member States, steps are, however, being taken to introduce such labelling systems. In **France**, the government is working on an initiative to promote French products by creating a label for a product that has been subject to at least two significant modifications in France. Additionally in France, there is a voluntary private label named 'Origine France Garantie'. It requires the stitching (type III criterion) and 50% of the production (type II criterion) to have been done in France. Uptake has, however, been very limited as 90–95% of textile products marketed in France do not live up to these criteria. In France and Italy, it was indicated that an indirect requirement existed by virtue of a labelling obligation for products that could otherwise be misleading. This covers, for example, products that carry the name of a country or a region or the picture of a landmark (e.g. the Eiffel Tower).

In Italy, law n. 55 of 8 April 2010[60], on provisions concerning the marketing of textile products, leather and footwear, known as the 'Reguzzoni-Versace-Calearo Law', was scheduled to enter into force on 1 October 2010. In September 2010, an inter-ministerial decree that would lay out the details of the implementation of the law[61] had still not been adopted. The text of the law has been contested by the EU on many grounds. Moreover, the time limit to notify the text to the European Commission was not respected. The Italian Customs Agency (*Agenzia delle Dogane*) issued the Circular Prot. 119919/RU on 22 September 2010, clarifying that the law would not take effect because the necessary implementing decree had not been adopted

In addition, a number of stakeholders, particularly in Finland, Denmark, the UK and Portugal, noted that the transposition of the Unfair Commercial Practices Directive (2005/29/EC), as mentioned above, provides some safeguards against misleading practices concerning the origin of textile products. Also, a German public authority stakeholder stressed that existing legislation adequately addresses the issue of misleading country of origin labelling. The stakeholders also noted that, despite the lack of requirement to label the country of origin, producers will nevertheless often include such labelling. This could result from the prevalence of such

[57] These included Belgium, Germany, Denmark, Spain, Finland, France, Italy, Lithuania, Netherlands, Poland, Portugal, Romania and the UK.

[58] http://www.mesachatsfrancais.fr/20_c0_recherche-produit.html

[59] The Marketing Practices Consolidation Act No 1389 of 21 December 2005 on Marketing Practices is hereby consolidated as amended by Section 102 of Act No 538 of 8 June 2006, Act No 1547 of 20 December 2006, Section 4 of Act No 181 of 28 February 2007 and Section 7 of Act No 364 of 13 May 2009. http://www.markedsforingsloven.dk/love/markedsforingsloven-engelsk.pdf

[60] The text of the law can be found here: http://www.altalex.com/index.php?idnot=48495

[61] Reference to the non-implementation of the law can be found here: http://pieronuciari.it/2010/11/04/sospesa-l%E2%80%99efficacia-della-nuova-legge-sul-made-in-italy/

requirements in important export markets such as the USA and China, as noted by one Dutch stakeholder or, as a Portuguese interviewee stated, result from market demand for such information.

Problems with the current situation

The perceptions of stakeholders regarding problems related to the current situation differ substantially. One industry stakeholder from Belgium noted that the country of origin is not a concern for Belgian consumers, and two public authority stakeholders from Poland and the Netherlands stated that there is no clear voice from consumers in favour of country of origin labelling, although the Polish stakeholder expressed a positive opinion about such a system. Conversely, a Portuguese industry stakeholder found that consumers do in fact want to know if products originate in Portugal. Finally, an Italian stakeholder noted the fact that a product can be labelled as 'made in Italy' although only undergoing the last transformation there, which could be potentially misleading to the consumer.

In terms of potential problems for industry resulting from the lack of country of origin labelling requirements, none of the interviewed stakeholders saw the current regime as a clear obstacle to trading across the EU. There are, however, indications that language requirements associated with country of origin labelling in some Member States can be a potential source of costs. A representative of a large clothing retail chain consulted at an early stage in the study noted that there are costs associated with the different labelling requirements across the EU. Specifically, some Member States (Hungary, Poland and Romania) require that the product name and country of origin be supplied in the national language, which the stakeholder estimates results in costs to the enterprise of €1 million a year. According to this particular stakeholder, such costs could be avoided with a common harmonised European labelling requirement (i.e. using the wording 'made in'). Nevertheless, it is worth noting that, for large retailers, such costs would constitute a small fraction of total turnover (usually considerably less than 0.1%).

An Italian stakeholder noted that the existing 'indirect' labelling requirements in Italy cover only Italian producers, meaning that the fact that other producers are not required to label their products can harm the comparative advantage of Italian producers, while at the same time not being fully effective in delivering the necessary information to consumers.

In addition, one Portuguese stakeholder noted that lack of country of origin labelling may result in businesses finding it difficult to comply with country of origin labelling rules in export markets outside the EU. A labelling system would ensure that European producers and retailers are on a more equal footing with foreign ones. This is in line with the findings of the European Parliament labelling study[62]. The study noted that some industry stakeholders see the fact that most of Europe's major trading partners (China, India, USA, Australia and Canada) already have a country of origin labelling scheme in place, while the EU as a whole does not, to be a competitive disadvantage for enterprises in the EU.

Stakeholder views can, however, differ substantially within Member States. One UK industry stakeholder noted that, even within the UK, there is no clear business stance on country of origin labelling, with the producers of high-end bespoke garments supporting a mandatory origin label, whereas other segments are more likely to oppose it. These differences in views are also

[62] Directorate General for Internal Policies. January 2010. Study on Labelling of Textile Products, Brussels: European Parliament.

found in Belgium and Spain. Some of the additional secondary research conducted in the early phases of the study also found that:

- luxury brands may welcome a country of origin label, as they assert that it would protect them from counterfeiting[63]; and
- importers who are interested in ensuring the origin of products imported into the EU could also benefit from a country of origin label[64].

European-level actions

Of all stakeholders, a little under one-third support mandatory EU country of origin labelling, with the preference being for a label identifying a Member State as a country of origin (as opposed to a 'made in EU' label). Overall, most stakeholders believed that any action should be in line with WTO rules.

Many stakeholders pointed to the problematic and fragmented production process that makes country of origin labelling difficult. As one EU-level stakeholder noted, establishing the country of origin is a complex process. Different parts of a textile product could be sewn together in different countries from materials produced elsewhere, which not only makes it difficult to decide on the country of origin, but also means that full traceability is equally difficult to document in a uniform fashion. Based on this observation, some stakeholders suggested the introduction of a standard defining the meaning of the expression 'made in', which could reduce the prevalence of misleading claims.

One of two Belgian industry stakeholders argues that the consumer is perfectly aware that cheap products are not from Europe and hence is not interested in paying extra for this information on a label. Other arguments against the use of 'made in' labels focus on the fact that such a label could create a link between origin and the quality or safety of a given product, whereas this should be the role of the brand[65]. This view is also shared by a Belgian industry stakeholder. Country of origin labelling is also seen by some industry stakeholders as an additional barrier to trade and thus a form of protectionism[66], which was also raised by one of the consulted public authority stakeholders.

Finally, a Finnish industry representative stressed that any measure should rather be transversal (as opposed to a sector by sector or a product category based approach) with reference to the on-going negotiations about a general regulation about country of origin designation.

Costs and benefits

Most stakeholders believed that introducing a mandatory labelling scheme would come with costs. In particular, a Dutch industry stakeholder noted that such a scheme would imply costs of translating the country of origin label, as well as increasing the size of the label, which would be problematic for smaller garments. A Dutch public authority stakeholder noted that the monitoring and enforcement associated with such labelling would also result in significant costs. Conversely, a Lithuanian industry stakeholder noted that higher cost would not necessarily be

[63] Bennett, Simon. 2011. *Country of origin labelling*. Available at: http://www.fashionlaw.co.uk/site/fashion_focus/country_of_origin_labelling.html
[64] AEDT et al. 2008. *Joint Statement on Proposed Reform of EU Preferential Rules of Origin: European Trade and Industry oppose Origin Certification by Pre-Registered Exporters*, Brussels.
[65] AEDT. 2011. *AEDT's views on the 'Made in' label*, Brussels: AEDT.
[66] Eurocommerce. 2009. *'Made in' label: protectionist, bureaucratic and costly*, Brussels: Eurocommerce.

problematic if the products were to be marketed to consumers more willing to pay for products originating in the EU. This view was seconded by one Spanish industry stakeholder.

More generally, if any measure were to be introduced, it was requested by some stakeholders that there should be a transition period allowing the industry to comply.

3.5.2 Traceability labelling and identification of manufacturer

The following sections outline the interview findings with regard to traceability, including the identification of the manufacturer. These two topics are discussed in the same section because stakeholders generally referred to these two issues together.

Current situation

Generally, traceability and identification of the manufacturer are not a textile-specific labelling requirement in any of the case study Member States, nor are any actions taken at national level in that area. In Poland, there is a general cross-sector requirement to identify the manufacturer of the product, although this information does not need to be placed on the label (it can be on product packaging).

In some Member States, such as Spain, Germany or Finland, the transposition of the General Product Safety Directive introduced a requirement to identify the manufacturer, although, as in the case of Poland, this does not necessarily refer to the product itself[67].

Problems with the current situation

The interviewed stakeholders have not noted any particular problems relating to the fact that there is no traceability labelling system in use across the EU. Only one French industry stakeholder believed that naming the country of origin for all operations (knitting, dyeing, sewing) would be of value from the point of view of consumers.

European-level actions

Only a few stakeholders saw the current situation as problematic, with the exception of a small minority of stakeholders who stated that a traceability labelling system could be valuable. However, the general consensus across interviewees was that no EU action is needed in this area.

Costs and benefits

Most industry stakeholders representing producers as well as public authority stakeholders noted that the introduction of traceability labelling would bring with it substantial additional costs, such as those relating to collating information to put on the label and the costs of translating the information. In addition, one stakeholder noted that such labelling would also result in longer labels.

As mentioned in Section 3.3.1, recent WTO case law indicates that country of origin systems including requirements for traceability of product safety and origin should be carefully designed in order not to impose unreasonable burdens on economic operators from other countries.

[67] Baker & MacKenzie, General Product Safety Directive (GPSD) – Comparative Inventory, 2006.

3.5.3 Care labelling

The following sections outline the stakeholder views concerning care labelling.

Current situation

Respondents in only two of the Member States included in the study[68] stated that there is a legal requirement to provide care instructions on the label. However, a majority of stakeholders noted that the ISO 3758/GINETEX system is widely used, with the French and Belgian industry stakeholders stating that almost 100% of all products have GINETEX labelling on them.

There are differences between Member States regarding the terms of use of the GINETEX symbols. In some Member States such as France and Switzerland, the GINETEX symbols are registered trademarks, and ownership is being enforced by the national GINETEX council. In the Netherlands, GINETEX is also protected but, as the national council is a business association representing 95% of the industry, it has decided not to enforce it on the remaining 5%. In Germany, on account of their extended use, the symbols are no longer recognised as trademarks, and in Portugal, the same conclusion was reached by the court following a case against the national licence holder. That means that the symbols are now used without restrictions in these countries. However, companies still need to pay fees if their goods are to be exported to markets where the trademark is in place and enforced. In Germany and Denmark, businesses address this by paying membership fees to the industry organisation, which is a member of GINETEX. This entitles the members to use the symbols freely in the French market. In Denmark, the textile industry association recently signed up to become a national GINETEX member. Even though the GINETEX symbols are trademarks in Denmark, Danish Fashion and Textile has not yet decided whether to impose fees on non-members using the symbols in Denmark. The annual membership fee paid by the Danish Association is largely symbolic (less than €3 000 per annum), and the main reason for becoming a member was to avoid the imposition of fees in export markets, where ownership is enforced.

Table 9: Enforcement of GINETEX standards

	Registered trademark	Not protected as a registered trademark and/or no national council to enforce
Enforced	FR, BE	
Not enforced	NL, DK, FI	DE, PT, UK, LT, PL, RO, ES, IT

Source: GINETEX list of member countries and case study interviews.

Table 9 summarises the findings surrounding the current situation regarding enforcement of the GINETEX ownership of care labelling symbols. France and Belgium enforce the trademark protection although the cost is very limited in both cases. In Belgium, €30 is charged per company per year along with €0.00013 per garment if sales exceed 250 000 pieces annually. According to the European Branded Clothing Alliance (EBCA), which is an organisation representing the interests of seven leading fashion retailers[69], royalties to GINETEX are also being charged in the Swiss market.

Textile care symbols developed by the International Association for Textile Care Labelling (GINETEX) are the subject of the International Standard ISO 3758:2005. This standard is the result of an agreement between GINETEX, the owner of the trademarks, and ISO because

[68] Italy and Poland. In Poland, this requirement is expected to repealed.

[69] Grupo Cortefiel, H&M, Inditex, Levi Strauss & Co., Mango, Nike, Polo Ralph Lauren and VF Corporation.

GINETEX encourages international use of the symbols[70]. ISO 3758:2012 establishes a system of graphic symbols, intended for use in the marking of textile articles, for providing information on the most severe treatment that does not cause irreversible damage to the article during the textile care process, and specifies the use of these symbols in care labelling. ISO 3758:2012 applies to all textile articles in the form in which they are supplied to the end user.

Problems with the current situation

Almost all stakeholders interviewed saw the current system as satisfactory. Danish and UK industry stakeholders noted that there is a problem of underlabelling of care instructions. Producers tend to prefer to be on the safe side when labelling care instructions in order to protect themselves against consumer complaints. This issue was also mentioned by a stakeholder involved in the work of CEN.

In terms of trade, a UK stakeholder noted that there are no problems with regard to care labelling within the EU, although requirements to include US washing instructions mean that larger producers and retailers who sell products in the US would normally include both sets of instructions.

European-level actions

The stakeholder views regarding potential EU actions are largely uniform. Most stakeholders do not believe that there is a basis for additional EU action, mainly because the existing GINETEX system is widespread and perceived to function well. A German stakeholder noted that this also means that harmonisation is not feasible, as one cannot introduce a statutory requirement to pay a fee for a private trademark. This view was repeated by a French industry stakeholder, who pointed out that the EU would have to buy the rights to the symbols in order to make them a legal requirement. Few stakeholders argued that there is scope for further standardisation and harmonisation.

Finally, both the Portuguese public authority stakeholder and an industry stakeholder argued that the GINETEX system should be a starting point, but that educating consumers through awareness-raising could be a potential action that would be of value at the EU level.

Regarding underlabelling, the stakeholders who recognised the problem also noted that tackling this issue is quite difficult with there being no obvious EU action to address it.

Costs and benefits

In terms of the costs of any additional harmonisation, most stakeholders identified these to be the costs associated with the use of GINETEX symbols, with one UK industry respondent suggesting that the benefit of any standardisation is likely to be limited, as it would not solve the issue of underlabelling.

According to most stakeholders, introducing an alternative system to the GINETEX would be very costly and not a feasible solution. A French stakeholder and two Portuguese interviewees were the exception and noted that, if a harmonised system was to be introduced, it should be based on a scheme that would not require producers or retailers to pay to use specific symbols.

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[70] http://www.iso.org/iso/iso_cafe_textile_labelling.htm

3.5.4 Size labelling

The following sections outline the interview findings with regard to size labelling.

Current situation

According to the stakeholders interviewed, there are no specific mandatory labelling systems in the respective Member States, with size systems differing not only between Member States, but also between individual retailers within Member States. As one UK stakeholder explained, different producers or retailers will base their sizes around different body shapes, resulting in the same size label denoting very different fits depending on the manufacturer.

At the same time, stakeholders pointed out that there are current and past initiatives aimed at defining a more standardised size system. A Danish stakeholder noted that there were previous Danish standards, but they had since been abandoned, and a number of stakeholders pointed to a CEN working group focusing on sizing standards, described above. A representative from CEN pointed out that the lack of progress in this field can be ascribed to a large extent to the conflict over intervals between sizes. Owing to a derogation granted to the UK and Ireland in the Metrication Directive permitting the use of inches and feet (2009/3/EC), the UK industry sees little interest in changing their system. However, the stakeholder noted that, despite the lack of consensus, there are opportunities to coordinate work with a similar ISO initiative, generally considered to be simpler, which can help to finalise the process.

Finally, there are national initiatives in the pipeline in France and Belgium to introduce special size scales, which fit the morphological characteristics of people living in the region.

Problems with the current situation

A significant majority of stakeholders agree that the lack of standardised size systems is a source of confusion for consumers, who generally do not understand how different size labelling systems relate to each other. One exception is a UK industry stakeholder who noted that different sizing systems allow consumers to find a size that suits them better than would be possible if a more rigid system was in place (where consumers would be more likely to fall ‘in between’ sizes for all rather than just some of the producers or retailers).

Only three of the stakeholders believed that the differences in size labelling schemes are also detrimental from the point of free movement of goods within the internal market. The impact on the industry, as a representative of an EU-wide retail chain noted, is more likely to be that of a high number of returns in online retail, which are costly to enterprises.

European-level actions

Despite broadly agreeing that different size systems are confusing for consumers, stakeholders are less likely to agree on the necessity of any EU action in this area, or the nature of such action. Some stakeholders suggested potential European systems, such as:

- pictogram systems with body measurements proposed by a French stakeholder; or
- systems of labelling body parts in centimetres proposed by a Polish stakeholder.

Both these proposed systems are similar to existing standardisation initiatives, and a number of other stakeholders pointed to the problems encountered by these working groups, which in turn suggest that a European sizing system is not likely to be a feasible solution.

With regard to the existing standardisation initiatives, there appears to be a preference among some stakeholders for the ISO initiative. Two Portuguese stakeholders noted that an international standardisation procedure through a body such as the ISO could be a better course of action than an EU initiative. A major European retailer stated it has taken exactly that step. It has abandoned the working group at CEN to join the ISO initiative, which aims at harmonising size standards on a global scale (ISO/TC 133)[71]. This initiative is also followed and supported by other members of the EBCA. According to the EBCA, Chinese, South Korean and Japanese authorities, among others, expressed their interest at an initial meeting, which is significant given that China and South Korea already have standards for sizing systems based on body measurements. A representative from the CEN insisted that any initiative in this field should take into account the work of the ISO working group and that it should be recognised that markets today are global.

Finally, the European Parliament study findings provide a counterbalance to some of the case study findings, as some of the stakeholders consulted as part of the study noted that, because a consensus will be difficult to reach voluntarily, an EU legislative approach would be the best course of action[72].

Costs and benefits

Some of the stakeholders consulted noted that a size labelling scheme could lead to a saving for producers, as they would not need to include a number of size labels when selling their products across the EU. Some of the stakeholders also identified the costs of adapting to a new system, as well as the potential costs and issues raised by some groups of retailers and producers. A French stakeholder noted that a system based on pictograms is largely opposed by retailers selling through catalogues, whereas some high-end fashion brands opposed a more harmonised system because of unwillingness to produce their clothing in larger sizes.

3.5.5 Labelling of allergenic substances

The following sections outline the interview findings with regard to the labelling of allergenic substances.

Current situation

All fibres can cause irritant and allergic contact dermatitis, although allergic reactions to fibres are extremely rare[73]. Therefore, the focus is mainly on auxiliary substances such as formaldehyde finishing resins, chemical additives, dyes, glues and tanning agents, which have been used in the processing or dyeing of garments. It is important to note that the new Regulation on textile names requests the European Commission to undertake a separate scientific study examining causality and possible regulatory actions in this field (beyond labelling).

Most stakeholders made reference to REACH, the European Regulation concerning registration, evaluation, authorisation and restriction of chemicals (Regulation (EC) No 1907/2006). That, along with the General Product Safety Directive (2001/95/EC) and the Biocidal Products Directive (98/8/EC, currently under revision), is seen by a large majority of the

[71] http://www.iso.org/iso/iso_technical_committee.html?commid=52374
[72] Directorate General for Internal Policies. January 2010. Study on Labelling of Textile Products, Brussels: European Parliament.
[73] Washington State Department of Labor and Industries. 2001. *Clothing Dermatitis and Clothing-Related Skin Conditions*. Safety & Health Assessment & Research for Prevention: Washington. Available at: http://www.lni.wa.gov/Safety/Research/Dermatitis/files/clothing.pdf

stakeholders to render national action unnecessary or unfeasible. However, some countries, such as Poland and Finland, reported nationally specific regulations on the maximum amount of formaldehyde.

The voluntary German label Oeko-Tex includes requirements for chemical content in textile products. According to the Danish regulator, it does not constitute full security against allergic reactions as it allows certain minimum levels and certain substances with weak allergenic properties. But it is an important step in the right direction.

Problems with the current situation

As mentioned above, there is limited evidence of allergenic reactions to fibres, and even allergic reactions to dyes and processing chemicals appear to be rare. According to the BfR, the German Federal Institute for Risk Assessment, German dermatology clinics reported that only around 1–2% of all contact allergy cases can be attributed to textiles, and these are largely a result of dyes, particularly liquid dye dispersions (around two-thirds of all textiles allergies). Wearing clothes can lead to the occurrences of intolerance (e.g. to wool), but genuine allergenic reactions to textile fibres themselves are extremely rare[74].

Generally, the industry and public authorities do not see allergenic substances as an issue given the existing regulations (i.e. REACH), which prohibit the use of harmful and dangerous chemicals. The British industry representative considered it not useful to use labelling as an instrument in relation to chemicals as it is too complex a field for the consumer to comprehend. Dangerous substances should be banned if they are not adequately controlled, which is already the case under REACH. A Portuguese stakeholder emphasises infants and people with special conditions as a vulnerable group who would benefit from additional labelling.

European-level actions

Almost all stakeholders agree that it is a field that is costly and technically difficult to regulate. Testing is extremely expensive and, with the speed of innovation in the chemical industry, it is impossible to have any rules in the field that are not continuously revised and adapted. In addition, threshold levels for each chemical should be set. That is given as a main reason by the Dutch industry to keep any regulation of this area within the REACH framework. As a major global clothing retailer points out, REACH already contains disclosure requirements for downstream users. For that reason, the stakeholder insists that it is more appropriate to discuss disclosure requirements for end users within REACH.

Industry stakeholders from France and Germany claimed that the best course of action would be to improve enforcement and monitoring with existing requirements under REACH. At the moment, control is not sufficiently strict, and no further regulation should be introduced if it is not going to be policed. Textile industry stakeholders in Portugal, Spain, Germany and Finland stress that imported products are not subject to the same comprehensive requirements and rigorous monitoring as production in the EU. Finally, a Spanish stakeholder calls for clarifications as to whether it is the manufacturer or the retailer who bears the responsibility for compliance with REACH.

Costs and benefits

Although several stakeholders argue that a regulation in the field would be costly, no one was able to give concrete estimates of costs. Some stakeholders suggested that experiences can be

[74] http://www.bfr.bund.de/cm/343/einfuehrung_in_die_problematik_der_bekleidungstextilien.pdf

drawn from parallel sectors where labelling is already required. One of these is the European Directive on toy safety (2009/48/EC). According to the Directive, fragrances are completely forbidden if they have a strong allergenic potential. If they are only potentially allergenic for some consumers, they have to be labelled on the toy. The Directive includes a comprehensive list of forbidden chemicals. Other interesting comparison sectors include food products, cosmetics and detergents.

Finally, as mentioned earlier, the new Regulation on textile names requests the European Commission to undertake a separate study examining causality and possible regulatory actions in this field (beyond labelling), which will help to provide additional insight with regard to the need for regulatory action in this area.

3.5.6 Flammability labelling

The following sections outline the interview findings with regard to flammability labelling.

Current situation

At the European level, a standard has been issued in 2008 with an update in 2009 by the European Committee of Standardisation (CEN): ‘Textiles – Burning Behaviour of Children’s Nightwear – Specification’ (EN 14878:2007). This is an ordinary European voluntary standard. In the UK, laws were already applicable to children’s clothing before the standard. From March 1987, tougher performance requirements regarding flammability came into force[75]. According to the representative from the CEN, they are compulsory for children's nightdresses and night gowns for adults. There are improved safety provisions for the full range of nightwear garments for babies, children and adults. According to a Dutch stakeholder, an agreement on nightwear between the government and business was also introduced in the Netherlands in 1996 or 1997. The agreement means that nightwear for adults that does not meet the requirements set by the agreement should be labelled ‘keep away from fire’. In Portugal and Lithuania, such regulation only applies to the work wear in professions at risk such as fire-fighters. Finally, some Member States have legislation on the flammability of products such as furniture, carpets, car seats and curtains. These include, among others, Finland, the UK and France.

Problems with the current situation

Generally, flammability labelling is not a priority for action for most stakeholders. More than a third of stakeholders are indifferent to the issue or believe it is not an important problem. The main problem mentioned by industry stakeholders concerns diverging standards in the Member States that have national legislation. French, Belgian, Spanish and Lithuanian industry stakeholders do not understand why, in some cases, one Member States has the right to have a specific regulation in the field. Several stakeholders within the industry agree that a standardised approach is preferable. There is also the view that consumers would benefit from a more standardised structure as well. The Romanian and Belgian industry stakeholders believe that the current situation is not beneficial for consumers and that more should be done in harmonising the field.

European-level actions

The German industry stakeholders as well as the UK public authority stakeholder are generally against introducing supplementary requirements. The remaining stakeholders agree that any potential EU action in this field should aim at harmonising standards across Europe. The

[75] Department for Business Enterprise and Regulatory Reform. 2008. *New requirements for the fire safety of children’s nightwear – Nightwear Advisory Note.* Available at: http://www.bis.gov.uk/files/file48151.pdf

Belgian industry stakeholder sees an advantage for consumers in introducing flammability labelling at EU level.

A stakeholder involved in the CEN work noted that, as there is a standard for safe children's nightwear, all children's nightwear should be meeting these safety standards. Hence, there appears to be little rationale for labelling such products. Conversely, the stakeholder also noted that, given that the majority of textile products are flammable, including a label warning consumers of flammability associated with all other products would also not be very helpful for consumers.

In addition, a UK industry stakeholder pointed out the link between flame-resistant products and flammability labelling. The UK flammability standards and associated labelling are stricter than those embodied in the European standard and mean more chemical treatment of garments. This in turn may not be welcomed by consumers across the EU, meaning that bringing flammability labelling and associated standards in line with the UK system is not feasible,

Finally, a major global clothing retailer suggested that any legislation in the field should be inspired by the language-independent symbols that are currently in use in Australia, New Zealand and South Korea.

Costs and benefits

According to the stakeholders, the costs associated with flammability labelling are mainly the costs of testing of materials. An Italian industry stakeholder argues that such costs associated with a harmonised European scheme would be substantial. Conversely, an interviewee from Finland, where rules are already in place, states that the costs are negligible.

3.5.7 Environmental labelling

The following sections outline the interview findings with regard to environmental labelling.

Current situation

The current situation with regard to environmental labelling is a patchwork of different national, regional, public and private schemes, outlined in the previous sections. There is no one single dominant label across the Member States. According to both Dutch and German industry stakeholders, there is an abundance of environmental and social labels. There are, however, four labels that appear to be comparatively better established than the rest: the Nordic Swan, the German Blue Angel, Oeko-Tex and the EU Ecolabel. In addition, in Spain, 'Made in Green' is the most popular scheme, but it is still only used for very few products. These labels have not, however, prevented the mushrooming of many smaller and often brand-specific labels and certifications. According to a Dutch industry stakeholder, there are about 100 different schemes in the EU. A Belgian stakeholder suggested that about 60 labels are in use just in Belgium.

There are different views among industry stakeholders regarding the impact of the labels on consumers. A French industry stakeholder argued that the consumer disregards this kind of information, whereas the Belgian industry stakeholder believed consumers are environmentally aware.

Problems with the current situation

The patchwork of labels across Europe is generally seen to result in two problems: one concerning the single market and one concerning the effectiveness of information transmitted to the consumer. The cost of complying with multiple schemes was stressed in particular by Portuguese and Lithuanian industry stakeholders. The Lithuanian industry even saw the national schemes as a non-tariff trade barrier in the sense that local retailers might require different environmental standards that all national businesses comply with. This forces foreign producers to pay a high price to even enter the market. The other aspect of this problem is that several different standards contribute to confusion among consumers. For that reason, a UK stakeholder points out that no additional initiatives should be launched without a comprehensive and well-funded communication campaign. In addition, stakeholders share the view that the European Ecolabel has thus far not achieved sufficient consumer awareness.

Another important problem is what consumer associations describe as ‘greenwash’. The term refers to the practice of providing inaccurate or unsubstantiated environmental or social claims about the production process or the product itself. Many businesses accompany their products with self-certifications or general claims, which can mislead the consumers into believing they are buying a product that has been produced with less damage to the environment than its competitors. This is highly problematic as it damages consumer trust in environmental and social labelling and rewards extravagant claims rather than environmental and social innovation.

A final issue raised by Finnish, Estonian and Portuguese stakeholders relates to the different controls on imported products and domestic goods. Domestic production is under much stricter supervision than goods imported from abroad. Therefore, if European companies are to be subject to any requirements, it is important to enforce control with imported goods as well.

European-level actions

Several stakeholders claim that the EU Ecolabel has so far failed to establish itself as the leading environmental label for textiles. But the conclusions that the stakeholders draw from this observation diverge. One group, which notably includes the German and Dutch industry stakeholders and UK public authorities, sees this as proof that the approach has failed and that a European label no longer constitutes a credible solution. Another group, including Danish producers as well as French, Lithuanian and Portuguese industry stakeholders, demands that the Ecolabel is strengthened and that there is a general attempt to simplify the labelling landscape in the EU with the eventual aim of having one central label dominating the market. Others insist that awareness campaigns are the way forward.

An innovative solution proposed by a Danish industry stakeholder is a colour scale, which indicates the number of *existing* schemes the product is complying with. For instance, if a product complies with Oeko-Tex, the EU Ecolabel (often referred to as EU flower), the Nordic Swan and the Blue Angel schemes, it would get a top rating, whereas complying with two of the labels would provide a medium rating.

The same Danish industry stakeholder argued that consumer engagement tends to fail with regard to environmental labels. So far, environmental and social labels only reach about 5–10% of consumers. According to the stakeholder, a label, on the one hand, needs to be ‘fashionable’ to attract consumers and producers. On the other hand, the marketing of these labels needs to make better use of modern technology to convey the message.

With regard to ‘greenwash’, some stakeholders point to the CEN initiative to create standards for the use of different environmental claims as a possible solution.

Costs and benefits

Most industry stakeholders insist that introducing a new mandatory labelling scheme would also be very expensive from an enforcement perspective. Furthermore, some industry stakeholders emphasise that regulation without effective enforcement is worse than no regulation. It is therefore important to consider the cost of random checks/audits, testing of materials, etc.

3.5.8 Social labelling

The following sections outline the interview findings with regard to social labelling.

Current situation

In the field of social labelling, the scheme that is commonly mentioned by stakeholders is the Fair Trade label. In addition, a major global retailer states that it is a member of a number of multi-stakeholder initiatives including the Fair Labour Association. A Belgian industry stakeholder also referred to an unnamed national label, although conditions are so strict that uptake is significantly hampered.

Problems with the current situation

The one problem mentioned in relation to current social labelling is the uncertainty about what it really covers and what it should cover. This view is supported by a global clothing retailer, who stresses the lack of agreement between initiatives using different methodologies. The retailer did not specify which initiatives.

European-level actions

In the field of social labelling, there is less experience and thus less certainty about the appropriate action. A Romanian and an Italian industry stakeholder as well as a Portuguese public authority interviewee supported the creation of a European definition, which can help to create clearer guidelines as to what a social label should mean. German industry stakeholders noted that the Blue Angel was an initiative aimed at centralising Ecolabelling in Germany. It had some considerable success, but it is debatable whether the same positive effect could be expected in social labelling.

Costs and benefits

As in the case of environmental labelling, stakeholders believe that mandatory labelling would be costly to introduce and enforce.

3.5.9 Electronic labelling and alternatives to labelling to deliver information

In addition to particular forms of labelling, it is important also to consider alternatives to traditional labelling or marking systems and in particular electronic labelling. Different forms of electronic labelling are capable of delivering more information to the consumer at any given point in time. The two relevant technologies are mainly the RFID chip, which is an electronic device inserted into the garment that can be used to store any kind of information. This, it has been suggested, can in time also inform washing machines ensuring optimal levels of detergent and water consumption. The other technology is that of two-dimensional barcodes that can be scanned by smart phones. They would lead the consumer into a website where he/she could find additional information about a type of garment. In addition, it is also possible to include codes allowing information to be obtained from the internet without the need for scanning using a smart phone.

Current situation

The immediate reaction from both industry and public authorities is that both technologies are still in their infancy. None of the stakeholders has specialised knowledge of any of the technologies. The limited dissemination of smart phones among consumers and the relative costs (see below) of both technologies makes it premature to introduce them on a large scale at this point. According to most stakeholders, they are currently only used to a very limited extent. In Portugal, according to a government interviewee, they are probably not used at all.

A Danish stakeholder expressed knowledge of some businesses that are already using two dimensional barcodes in marketing of some of their products. Typically, barcodes are used to provide supplementary information such as, for example, that a product is waterproof. In Poland, two dimensional barcodes are also used in some companies in supply chain management.

Problems with the current situation

The main problem that could be addressed through digital labelling and which stakeholders point out is that physical labels are continuously getting bigger. This is particularly caused by language-specific requirements for all the Member States. If product information could be supplied electronically, it would be easier for the consumer to search for the information that is relevant to him/her. It would also enable the producer to transmit more information to the consumer more efficiently.

European-level actions

Generally, it is perceived that there is little room for specific EU action, legislative or otherwise, in this field. There are several challenges associated with the implementation of this kind of technology.

Concerning the RFID chips, an important issue is that of disposal of used chips. As the EBCA points out, disposal of embedded chip devices could be problematic in relation to the Waste Electrical and Electronic Equipment Directive (2002/96/EC) and potentially the Batteries Directive (2006/66/EC) requirements, especially when active devices contain some energy storage capability.

As for two-dimensional barcodes, the main issue is the limited level of dissemination of smart phones among consumers. As long as a significant proportion of consumers do not possess the device necessary to obtain the information, it would be problematic to substitute the physical label with a digital one. Even if a code did not require a smart phone, it would require access to the internet in order to obtain the information, with one stakeholder noting that availability of internet access across Europe is still far from widespread.

Finally, there are two issues that are relevant for both technologies. First, the issue of privacy has been pointed out, among others, by the EBCA. Digital labelling makes it possible to monitor the use of supplementary information by consumers, and this information can be abused for marketing and advertising purposes. With the RFID chip, it is further feared that individual pieces of garments will be traceable back to the person who bought it. This raises a lot of questions regarding personal data protection.

Notwithstanding these challenges, there is broad support for the Commission to follow the area of digital labelling closely. Portuguese and Polish stakeholders suggested that further research should be undertaken in the field before action is taken. A Romanian industry representative argued that electronic labelling could be a powerful weapon against counterfeiting in the future, whereas EBCA encourages the implementation of a voluntary scheme provided that the privacy concerns can be properly addressed.

Costs and benefits

Finally, there is an issue of costs. Many stakeholders point out that the technology is still quite costly to implement, and the Danish industry stakeholder stresses that particularly SMEs will bear significant costs of shifting to a digital system, regardless of which is implemented. The EBCA points out that the costs of near field communication chips (capable of storing more relevant information than RFID chips) remain at about €0.45–0.60 per garment, which is viewed as substantial.

3.5.10 Use of language-independent symbols and codes for fibre composition labelling

The main issue in this field is around the number of languages that the label has to carry. Many stakeholders point out that it is problematic both because of the translation cost involved and the fact that labelling in multiple languages takes up label space (stakeholders point out that the label size is becoming a particularly urgent issue for small garments such as lingerie). Although this could be avoided by using codes or symbols, several stakeholders stress that this would not be an effective way of communicating information to consumers. It would be a challenge to find symbols that would be immediately understandable to consumers, especially given that there are currently 47 types of fibres. The problem with this field is also that consumer knowledge of particularly new and combined fibre types is very limited. So, it is very important to consider what information is actually helpful for the consumer at the time of purchase.

3.6 Key issues related to specific labels: consumers

The consumer input into the study was limited. Many of the contacted consumer organisations did not respond to the consultation, in some cases citing lack of expertise in the area. Nevertheless, it is important to take input from consumer organisations into account and ensure it can be viewed alongside the input from industry and public authority stakeholders in order for the problem definition to be balanced. For the problem definition section, engagement with consumer organisations was chosen as the best available research tool. Given the complexity of the issue, a qualitative approach was deemed necessary in that part of the study.

A consumer survey yields the most robust findings once policy options have been developed. So, in the impact analysis section, the consumer survey results are used as the basis for the assessment of the impact on consumers and to cross-check and validate the findings from engagement with consumer organisations.

Country of origin labelling

There is limited evidence that the current situation with regard to country of origin labelling is particularly problematic for consumers. Country of origin marking is generally seen as having no impact on the health or safety of consumers and, because defining the country of origin can also be difficult, such a label may also provide ‘little useful information to the consumer’[76]. The consumer organisations consulted as part of this study had diverging views on the issue. The

[76] European Parliament, Directorate General for Internal Policies. January 2010. *Study on Labelling of Textile Products*, Brussels.

Italian stakeholder noted that current labelling allows for products to be labelled as 'made in Italy' when only a minor part of the process actually took place in Italy, which could be seen as misleading. A Finnish stakeholder noted that the label would be of interest for consumers wanting to avoid products produced using child labour who would therefore welcome information on the label (such as country of origin) that would help to identify such products. Finally, a UK stakeholder noted that consumers are not sure what the label represents and, hence, more work should be done to develop a better understanding of consumer needs prior to any legal action in the area.

The findings from stakeholder interviews need to be viewed alongside findings from the 2010 Eurobarometer[77] survey on the awareness of the origin of products and services. The survey showed that 50% of European citizens do check the origin when buying textiles and clothing, and over half of these citizens claim that this influences their decision (28% of all respondents). This suggests that country of origin labelling is a deciding factor in citizens' purchasing decisions.

Traceability and identification of manufacturer

With regard to traceability and identification of the manufacturer, the Italian consumer association viewed such information as useful for the consumer and supported the introduction of such labelling, although this view was not shared by the Danish and UK consumer associations.

Care labelling

There are some indications in existing research that, under the current system, consumers can encounter different labels across Europe, and harmonised labelling could ensure that they care for their garment appropriately. In addition, care labelling could also facilitate filing complaints against manufacturers or dry cleaning shops[78]. The consulted organisations generally had little knowledge of the issue of care labelling and appeared to receive no input on such issues from consumers. An Italian consumer association stakeholder only noted that there is still scope for improving consumer understanding and reading of labels.

Size labelling

The input from consumer organisations regarding size labelling was limited, and existing research seems to suggest that size labelling is not perceived as being a major consumer concern[79]. Nevertheless, both Italian and Finnish stakeholders noted that the current system is confusing and a more uniform approach would be of value.

Labelling of allergenic substances

The labelling of allergenic substances appears to be one of the more major concerns. Considering the rapid technological progress, previous research suggests that consumer organisations are concerned that the chemical substances contained in textile products are not sufficiently analysed and reported, and thus represent a threat to human health. In particular, consumer associations appear to be concerned with nanotechnologies not covered by REACH and the fact that, despite REACH, there are still substantial amounts of chemicals in textile

[77] Eurobarometer. 'Awareness of the origin of the products or services bought, including textile' (November 2010). Available at: http://trade.ec.europa.eu/doclib/docs/2010/november/tradoc_146948.pdf

[78] European Parliament, Directorate General for Internal Policies. January 2010. *Study on Labelling of Textile Products*, Brussels.

[79] European Parliament, Directorate General for Internal Policies. January 2010. *Study on Labelling of Textile Products*, Brussels.

products[80]. This is confirmed by the Italian consumer association, which stated that there is great interest in the issue among consumers. However, a UK consumer association did not see the issue as a priority at all. The UK stakeholder also pointed out that there are already initiatives in other areas addressing nanotechnologies. It would therefore be premature to propose textile-specific legislation without first determining horizontal legislation. A Finnish stakeholder noted that a label would not be a useful solution, as products that might represent a serious risk should have not been used in the first place, rather than being in use and identified on the label.

Flammability labelling

In this area, both the Finnish and the Italian stakeholders appear to be satisfied with the existing system, with the Finnish stakeholder noting that the use of common sense should usually be sufficient. Both the Finnish and the Danish stakeholders pointed out that the use of chemicals to ensure garments are flame resistant should be avoided.

Environmental labelling

Consumer groups consulted state that environmental labelling is of interest to consumers. This underlines the evidence found through initial desk research, which suggested that the demand for information about the environmental impact of consumption goods has been growing consistently across OECD countries over the past decades. Specifically, consumers appear to want more information on health, safety, environment and sustainability. This is confirmed by a Eurobarometer study, which shows that almost half the respondents (47%) consider environmental labels to be important in relation to purchasing decisions.

On the question of whether environmental and social labelling has a significant influence on consumer choice, the opinions are diverging. The Italian consumer association stressed that even segments of society not generally conscious of sustainable consumption would be prone to change their purchasing decisions if accessible information about the product was readily available. In the UK, on the other hand, the view is rather that purchasing habits are only changed when there is a direct link to a personal benefit, which is the case, for example, with energy-saving products (e.g. money saved on the electricity bill).

The Danish consumer association stressed that the decision taken in the late 1980s by major retailers to initiate a great push for organic food products was very successful. It has resulted in a firm 7% position of organic produce of food products.

A choice of action emphasised by one stakeholder is to regulate the possibility of making environmental claims without proper scientific backing. In many countries, producers and retailers can at present make claims about their product without having to provide any supporting evidence. The Danish consumer association emphasises that this step has already been taken up to a large extent in Denmark based on the Unfair Commercial Practices Directive (2005/29/EC). The Directive was transposed into Danish law in 2007. The consumer ombudsman, whose main role is to interpret consumer and marketing law, has issued guidelines that detail the meaning of sustainability, environmental and social claims. The guidelines stress that general claims must be backed up by evidence and audits conducted by an independent third party. If this is not the case, the producer can be seen as infringing the

[80] European Parliament, Directorate General for Internal Policies. January 2010. *Study on Labelling of Textile Products*, Brussels.

Directive as implemented into Danish law[81]. Developing similar specific guidelines at European level could be an option and could contribute to reducing the level of unsubstantiated product claims.

The Finnish consumer organisation expressed dissatisfaction with the way the CE certification works. Although it keeps the importer formally accountable, it is underused and not widely understood by the consumer. Finally, the UK consumer stakeholder stressed that a comprehensive and well-funded information campaign will be prioritised in any policy option implying radical change.

3.6.1 Social labelling

As in the case of environmental labelling, the secondary research suggests that social labelling appears to be an increasingly important area. A Finnish stakeholder stated that social labelling is an issue that concerns Finnish consumers, in particular child labour. Nevertheless, from the point of view of the stakeholder, it is best dealt with through country of origin labelling. The other stakeholders consulted did not have views specific to social legislation.

3.6.2 Delivering information: alternatives to traditional labelling and marking

There are two issues that are relevant for both two-dimensional barcodes (QR codes) and RFID technologies. First, a UK consumer association raised the issue of privacy, discussed in the previous section. Second, a UK consumer association argued that digital labels are different from physical labels in that they require an action from the consumer. This necessary step will result in fewer people actually accessing the information in the end. Replacing physical labels with digital ones could, in other words, eventually lead to less overall information being communicated to consumers.

3.6.3 Use of language-independent symbols and use of codes

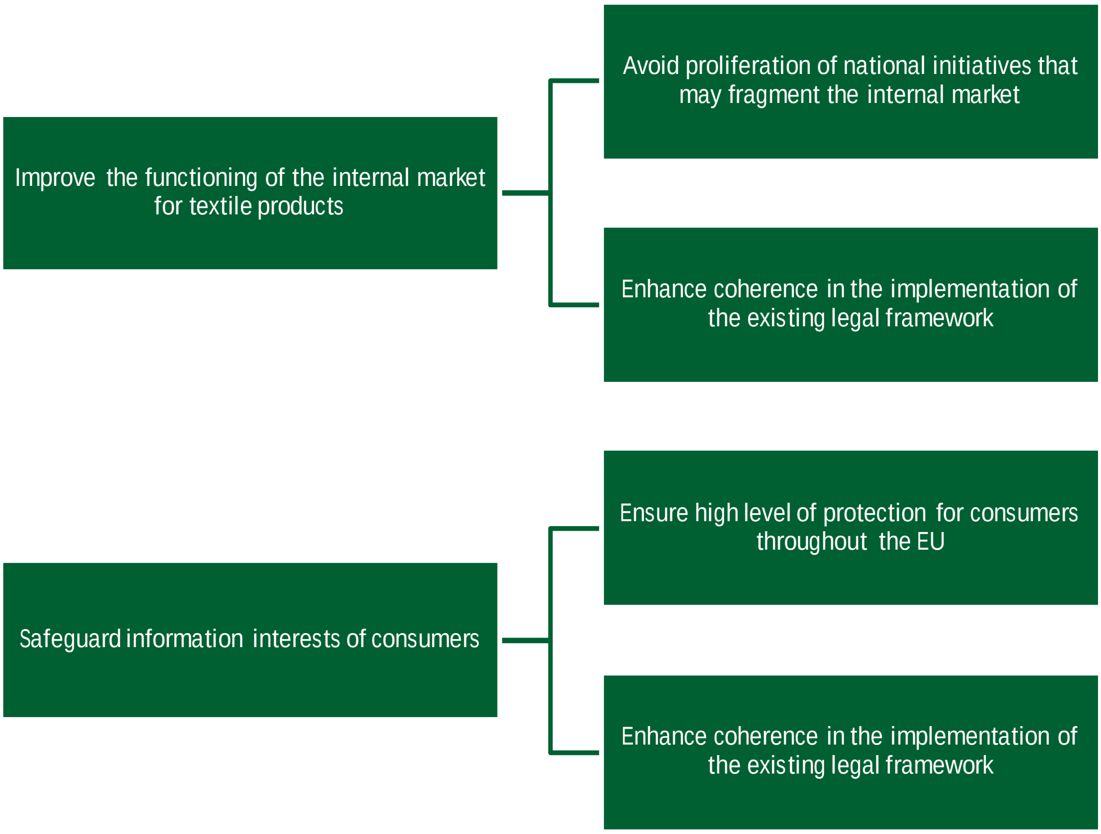
All the participating consumer associations stressed that the field is not a priority. Only the Finnish consumer association responded to the questions regarding language-independent symbols and codes. The respondent pointed out that long labels with small writing are very problematic for consumers with visual impairments. The respondent endorsed the suggested use of codes or symbols for different fibre types provided that each shop had a poster available detailing the meaning of each code.

[81] Memorandum. 2011. Guidance from the Consumer Ombudsman on the use of environmental and ethical claims, etc., in marketing. Available at: http://www.consumerombudsman.dk/Regulatory-framework/dcoguides/~/media/Consumerombudsman/dco/Guidelines/The%20Use%20of%20Environmental%20and%20Ethical%20Claims%20etc%20in%20Marketing%20%20Guidance%20from%20the%20Consumer%20Ombudsman.pdf

4.0 Policy objectives

In order to develop specific policy options to address the problems outlined in the previous sections, it is important to first identify the policy objectives. These include the general, specific and operational objectives. Figure 4 outlines the general objectives, as identified by the European Commission.

Figure 4: General objectives



In addition to the general objectives, in developing policy options, it will also be important to develop specific and operational objectives corresponding to specific actions. It is important to ensure that these objectives are SMART (specific, measurable, achievable, realistic, time-dependent). Preliminary specific objectives in individual areas are outlined in Section 5.3 alongside the policy options.

5.0 Policy options

The policy option development needs to primarily be informed by the following:

- policy objectives and EU competence in the area; and
- problem definition and other considerations, such as ensuring that solutions are practical, future proof and that there is sufficient consensus around them.

The previous section outlined the main policy objectives, whereas the stakeholder consultation, the results of which are outlined in Section 3, focused on answering the following four questions:

- what is the current situation?
- what are the problems with the current situation?
- what actions can be taken/are feasible at a European level?
- what are the costs and benefits of such actions?

The following section synthesises the results of the consultation for each label/issue focusing in particular on the perceived problems in each area and the added value of EU-level action.

5.1 Synthesis of stakeholder consultation

As the study examines different types of labelling that can be applied to textile products, one of the first steps in developing the policy options is to identify the types of labelling corresponding to areas where stakeholders experience problems and where stakeholders see scope for action at EU level. One method of doing so is to determine which areas are ones with the most stakeholder consensus regarding extent of the problem and the possibility for EU action. One can distinguish here between two types of consensus:

- consensus regarding the *existence* of a problem or of an EU-level solution for addressing the problem; and
- consensus regarding the *nature* or *extent* of the problem and the *nature* of the solution.

Both forms of consensus need to be taken into account when developing policy options. However, whereas stakeholder views regarding the existence of a problem or a solution can be easily coded, differences between different areas when deciding on objective criteria of what constitutes a major or a minor problem is more difficult to establish. Similarly, owing to the range of different actions proposed in different areas, an effective coding of the nature of the solution (such as along a ‘soft/hard’ dimension) is also problematic. Therefore, whereas consensus regarding the existence of a problem and the solution is summarised in Figure 5, the synthesis of the nature or extent of the problem in individual areas is discussed in further detail in this section.

The interview responses were coded in order to classify each label according to:

- the proportion of stakeholders[82] who experienced or perceived problems in that specific area; and

[82] Proportion meaning the proportion of stakeholders interviewed who were knowledgeable about this topic and were in a position to answer the interview questions.

- the proportion of stakeholders[83] who believed that the EU should take steps in that specific area.

Figure 5 presents the classification of the types of labelling examined in this study. As the input from consumer organisations was much more limited and less balanced across Member States, this input is not reflected in Figure 5, but is discussed in this section.

Figure 5: Extent of the problem and EU added value for specific labels

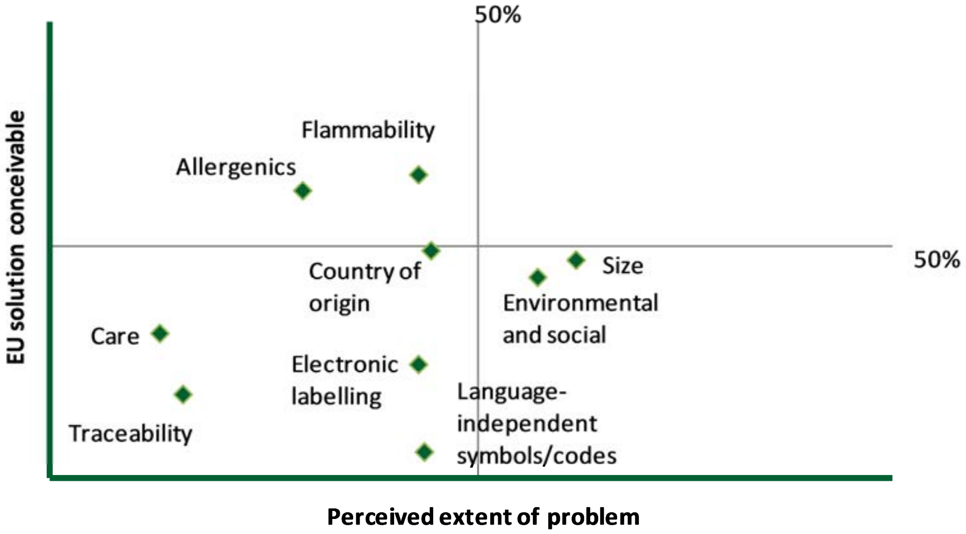


Figure 5 orders the types of labelling according to the two dimensions discussed above in order to illustrate their relative urgency. The horizontal axis represents the percentage of stakeholders who saw a problem with the current framework ('problem' dimension). The vertical axis illustrates the percentage of respondents who call for EU action in the field ('solution' dimension). However, as mentioned above, the percentage of stakeholders expressing a position is not necessarily representative of the perceived extent and scale of the problems.

The figure is based on the research team's qualitative synthesis of the interviews with industry stakeholders and public authorities from a sample of 13 EU Member States. For Member States with responses from more than one industry stakeholder, their answers were combined into a single one to ensure balanced Member State representation. The response rate is high with only input missing from public authorities in Romania, Italy and Denmark[84]. In Poland, input from the industry stakeholder was not obtained. Sensitivity testing was performed involving including in the analysis the hypothetical answers from the missing respondents. Assuming that missing responses are either all 'positive' (perceived problem and EU solution) or all 'negative' (no perceived problem and EU solution) did not significantly change the above result. Stakeholders who did not expressed their opinion about a particular issue have not been included in the calculation.

There are no issues in the top right corner of the figure. This means that there is no area where the stakeholders agree on both the scale of a problem and the nature of the solution.

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[83] Proportion meaning the proportion of stakeholders interviewed who were knowledgeable about this topic and were in a position to answer the interview questions.

[84] In the case of Denmark, the answers from a representative from Dansk Teknologisk Institute, a semi-public supervisory authority, are used in place of the political authority with legislative competence in the field.

Issues that are not particularly problematic and where EU action does not provide added value are found in the bottom left quadrant. **Traceability** and **care labelling** are found here. Neither public authorities nor industry stakeholders consider traceability to be a priority. Care is hardly considered a problem by anyone, and there is broad consensus that the GINETEX system is working well. When it comes to possible actions, the focus in the responses is mainly on either entrenching the GINETEX system in law or raising awareness among consumers about the meaning of the symbols.

In the case of **electronic labelling**, the general view among stakeholders is that new technologies should be integrated as soon as feasible. However, there is also broad consensus that this point has not yet been reached. There is, however, a general shortage of ideas about how to support this development at this point. Those who ask for EU action focus on measures such as research and pilot projects.

Although many stakeholders pointed out the problem of multiple languages on labels, there is an almost unanimous consensus that **language-independent symbols/codes** are not an appropriate solution. On the contrary, relying on fewer languages, notably English, is seen by some stakeholders as a possible solution.

The proximity of **country of origin labelling** to the centre of the chart illustrates the level of contention that exists around this issue. Two main problems are often mentioned. First, some stakeholders argue that products produced outside the EU may not be subject to the same labour and environmental requirements as those produced within. This leads them to conclude that consumers should be given the choice. Second, industries in some countries want to protect their national brand.

There are no areas found in the top right quadrant, but four areas are seen as either problematic or deserving possible consideration for EU-level action. **Size labelling** is seen to be an issue by more than 60% of the stakeholders. Here, however, it is important to note that many consider it a minor problem. On the added value of EU action, there is less of a consensus. Generally, there is broad recognition that it is very difficult to reach a conclusion on this issue. At the same time, it is also important to take into account the fact that markets today are global and that a global standard would be preferred to a European one. **Environmental labelling** is among the most contentious of issues; about half the stakeholders believe there is a problem. Also, half the stakeholders believe there is room for the EU to take action. The solutions suggested were varied, ranging from non-legislative measures such as information campaigns to measures such as a European umbrella scheme encompassing and synthesising various individual labels, as suggested by a Danish industry stakeholder.

Among the interviewed stakeholders, some expressed the opinion that EU action would be desirable for **flammability labelling**. The main issue was the fact that the Member States that have legislation in place, namely the Netherlands and the UK, work with different standards resulting from different product flammability restrictions. In addition, some stakeholders also found that consumers would benefit from this information. The proposed solutions ranged from harmonising existing standards to complying with the British ones or abolishing the right to require flammability labelling. Finally, the **labelling of allergenic substances** is not generally considered a problem. However, in this field, many stakeholders see scope for improvement especially around securing proper enforcement of the rules that already exist. Others call for more research, whereas some respondents believe that a mandatory label should be introduced using the Toy Safety Directive as a source of guidance.

Finally, the above analysis does not include **social labelling** because very few stakeholders had specific views on social labelling separate from environmental labelling. These respondents did, however, agree that lack of a consistent definition of terms such as 'socially responsible' is problematic and developing such clear guidelines could constitute a potential EU-level action. Others pointed out that the ILO standards are already quite well recognised, rendering this idea irrelevant.

5.1.1 Consumers

The situation shown in Figure 5 appears to be broadly in line with the consumer input, which suggested that, generally, consumer organisations had little interest in the areas of **care labelling**, **electronic labelling** or the use of **language-independent symbols or codes**. Consumer organisations were more split on issues such as **labelling of allergenic substances**, **environmental labelling** or **country of origin labelling**. There are some inconsistencies, such as the high perceived added value of action in the area of flammability, which the consulted consumer organisations had little interest in. However, it is important to note that the general lack of engagement of consumer organisations in the consultation suggests that, overall, the consumer interest in this area is rather limited.

5.1.2 Geography

The analysis of interviews saw few trends in terms of geographic patterns. Although stakeholders from both Italy and Portugal appear to be in favour of origin labelling, whereas Polish and Lithuanian stakeholders are generally more in favour of EU-wide labelling systems than those from Germany or the Netherlands, it is very difficult to identify a geographic pattern that would cut across multiple issues. The fact that disagreements can take place even within a single stakeholder group in a single country (i.e. industry in the UK) suggests that identifying a wider geographic pattern is difficult and is unlikely to provide useful insights into the study.

5.2 Policy option development process

The process of developing the policy options was based around a **policy option workshop**. Workshop participants included the European Commission staff, Matrix Insight and a legal expert. The purpose of the workshop was to develop a set of policy options informed in particular by:

- a list of policy objectives developed by the European Commission;
- synthesis of problem definition stakeholder consultation (described above); and
- a list of potential actions put forward by consulted stakeholders.

The output of the workshop was a **shortlist of potential policy options**. This means that specific new actions are only proposed for some areas, whereas in others the only option put forward is the status quo. This is either because there is little evidence of a clear problem to be addressed in these specific areas or European action would not be feasible or desirable. In areas where potential actions can be proposed, the status quo option is retained to allow for comparison of impacts. In particular, issues were excluded based on the following reasoning: **electronic labelling**, **language independent codes/symbols** and **traceability** were excluded from the impact analysis phase based on the low perceived scope for any EU action. In the case of **allergenics**, any policy option would require the collection of scientific data to determine the health risks involved in the existence of **allergenics** in products marketed in the EU. As a study dedicated to this issue is currently taking place within the Commission, it was not included in this part of this study. **Flammability** was only commented on by a small subset of stakeholders with the majority being either indifferent or unaware of any issues around it. As it involved mainly just two Member States, it was deemed to not be a priority.

In selecting the policy options, particular attention was paid to **existing legislation** and how it could be used to inform the policy options. For instance, the Unfair Commercial Practices Directive was used as a basis for some of the policy options proposed.

The shortlisted policy options together with the specific rationale for proposing them, as well as the rationale for retaining the status quo option, are presented in Table 10, alongside the policy objectives.

5.3 Policy options

This section outlines the proposed policy objectives and policy options together with the rationale for action.

Table 10: Policy options

<table>
<tr><th>Specific objectives</th><th>Policy options</th><th>Rationale</th></tr>
<tr><td colspan="3">Origin Information</td></tr>
<tr><td rowspan="2">Internal market
• Avoid proliferation of national initiatives that may fragment the internal market

Internal market/consumer information
• Enhance coherence in the implementation of the existing legal framework

Consumer information
• Ensure a high level of empowerment and information for consumers throughout the EU</td><td>• Status quo</td><td>Rationale for action/lack of action
• Stakeholder consultation does not suggest there is strong demand for a mandatory country of origin label
• Disagreement over 2005 Commission proposal on origin marking of imported goods suggests that it would be difficult to reach agreement on a mandatory scheme
• Recent WTO case law indicates certain risk related to introducing labelling requirements with regard to international trade</td></tr>
<tr><td>• Voluntary origin information system</td><td>Rationale for action/lack of action
• Country of origin information can be an administrative burden to enterprises
• Country of origin is also a vehicle to convey information to consumers on product safety
• The lack of harmonised rules on country of origin makes it difficult for national authorities to verify conformity compliance

Rationale for choice of instrument
• Stakeholder consultation does not suggest there is strong demand for a mandatory country of origin label
• An EU harmonised country of origin information system, based on requirements to place safe products of known origin (or easy to determine) on the market, would have a positive impact on the reduction of costs for both economic operators and consumers</td></tr>
<tr><td colspan="3">Traceability</td></tr>
<tr><td>Consumer information
• Ensure a high level of protection and information for consumers throughout the EU</td><td>• Status quo</td><td>Rationale for action/lack of action
• Limited demand for traceability labelling among stakeholders
• General consensus that providing such information on a label is complex and costly
• Traceability information is generally useful for market surveillance authorities rather than for consumers and included on packaging or other commercial documents</td></tr>
<tr><td colspan="3">Identification of the manufacturer</td></tr>
</table>

Specific objectives	Policy options	Rationale
Consumer information • Ensure a high level of protection and information for consumers throughout the EU	• Status quo	Rationale for action/lack of action • Limited demand among stakeholders for identification of the manufacturer on labels • General consensus that providing such information on a label is of limited use for consumers as this type of information is generally included in commercial documents
Care labelling		
Consumer information • Improve awareness and understanding of the symbols by consumers	• Status quo	Rationale for action/lack of action • Stakeholders generally satisfied with care labelling • GINETEX system widely used • Care labelling not considered as an obstacle in the internal market • Problems mentioned include lack of consumer awareness of some symbols and 'underlabelling'
	• Awareness raising	Rationale for action/lack of action • Problems mentioned include lack of consumer awareness of some symbols and 'underlabelling'
Size labelling		
Consumer information/competitiveness of industry • Support a global size designation system • Encourage work of CEN/ISO towards deliverables applicable in the market	• Status quo	Rationale for action/lack of action • Diverging size systems across the EU • Size systems are difficult to understand for consumers and make cross-border sales more complex • At the same time, sizes of garments will differ even if a single sizing system was introduced
	• Encourage progress of the standardisation work to deliver a harmonised system that provides uniform information to consumers	Rationale for action/lack of action • Diverging size systems across EU • Size systems are difficult to understand for consumers and make cross-border sales more complex Rationale for choice of instrument • CEN and ISO work currently on-going • Developing a size system is complex, as exemplified by the length of time that CEN work has been on-going; hence development of a separate system is likely to be complex
Indication of possible allergenic substances		

Specific objectives	Policy options	Rationale
Internal market • Avoid fragmentation of the internal market due to national initiatives Consumer information • Ensure consumer safety, including most vulnerable groups, on the basis of scientific evidence. • Study scientific evidence of link between allergies and chemicals in textile products in order to propose, if appropriate, risk measures (within the framework of existing legislation)	• Status quo	Rationale for action/lack of action • Allergies is a complex area with reactions being very dependent on the individual and lack of scientific evidence and consensus • REACH provides the EU framework for managing risks related to dangerous chemicals
	• Separate study (as envisaged in Article 25 of the Textile Regulation)	Rationale for action/lack of action • Allergies is a complex area with reactions being very dependent on the individual and lack of scientific evidence and consensus • Labelling of allergenic substances should be based on sound scientific assessment • Limited information as to the link between allergies and chemicals used in textile products
Flammability labelling		
Internal market • Avoid fragmentation of the internal market due to national initiatives Consumer information • Ensure consumer information	• Status quo	Rationale for action/lack of action • Stakeholders see limited value in labelling all garments and the increased use of flame retardants should be avoided
Unsubstantiated environmental claims		
Consumer information • Ensure consumers receive clear and substantiated information by avoiding the proliferation of unsubstantiated claims • Enhance coherence in the protection against unsubstantiated claims throughout the EU	• Status quo	Rationale for action/lack of action • A number of labelling schemes are already in place
	• Link the use of the term 'organic' for natural fibres (e.g. cotton) to the Council Regulation (EC) No 834/2007 on organic production and labelling of organic products	Rationale for action/lack of action • Some evidence of increasing consumer interest in environmental labelling • Misleading environmental claims can distort the market and affect consumer confidence in genuine labels Rationale for choice of instrument • The term 'organic' is already defined in the field of agricultural products, although existing legislation is not applicable to textile products

Specific objectives	Policy options	Rationale
	• Provide guidance on tackling unsubstantiated environmental claims using the Unfair Commercial Practices Directive based on existing good practices	Rationale for action/lack of action • Some evidence of increasing consumer interest in environmental labelling • Misleading environmental claims can distort the market and affect consumer confidence in genuine labels Rationale for choice of instrument • The Unfair Commercial Practices Directive constitutes a framework that is in place and does regulate misleading claims
	• Encourage work within CEN in the establishment of industry standards for environmental claims for textile products	Rationale for action/lack of action • Some evidence of increasing consumer interest in environmental labelling • Misleading environmental claims can distort the market and affect consumer confidence in genuine labels Rationale for choice of instrument • Standards could contribute to the enforcement of the Unfair Commercial Practices Directive
Unsubstantiated social claims		
Consumer information • Define EU framework applicable to avoid proliferation experienced in the environmental field	• Status quo	Rationale for action/lack of action • A number of labelling schemes are already in place • General principles have been agreed at international level (ILO, UN) • International standards are available, e.g. ISO 26000 (CSR guidance)
	• Provide guidance on tackling unsubstantiated social claims using the Unfair Commercial Practices Directive based on existing good practices	Rationale for action/lack of action • Some evidence of increasing consumer interest in social labelling • Misleading social claims can distort the market and affect consumer confidence in genuine labels Rationale for choice of instrument • The Unfair Commercial Practices Directive constitutes a framework that is in place and does regulate misleading claims
Electronic instruments as alternative to labelling (RFID, 2D barcodes)		
Competitiveness of EU industry • Follow area closely • Encourage research, dissemination and uptake of technologies in this field (link with industrial policy)	• Status quo	Rationale for action/lack of action • Limited consumer access to the technology • Privacy concerns • Concerns over cost and disposal of chips
Language-independent symbols/codes		

Specific objectives	Policy options	Rationale
Competitiveness of EU industry • Simplify labels and lower the costs of fibre composition labelling	• Status quo	Rationale for action/lack of action • Stakeholders doubt that the use of pictograms or codes would provide helpful information to consumers • Code system exists only for a limited number of synthetic fibres • Consumers would need to be able to learn a range of symbols/codes to understand labels
	• Develop a system of language-independent symbols/codes	Rationale for action/lack of action • Labelling of fibre composition in multiple languages is considered costly

6.0 Impact analysis

The next step in the study is to identify and assess the potential impacts associated with the proposed policy options. This will help to determine to what extent EU-level intervention in this area is desirable given the problems identified and the policy instruments available at EU level.

This section outlines an assessment of potential impacts associated with action in the following areas:

- country of origin labelling;
- care labelling;
- size labelling;
- unsubstantiated environmental claims;
- organic labelling;
- unsubstantiated social claims; and
- language-independent symbols/codes.

The impacts to be investigated are structured by stakeholder group:

- Section 6.1
  - impact on consumers
- Section 6.2
  - impact on industry
  - impact on public authorities
  - impact on environment and wider society.

The separation of the consumers from the other stakeholder groups is done in order to ensure transparency regarding the used data sources. For the purpose of aiding the analysis of the consumer impact, a consumer **panel survey was conducted in seven European Member States** (Germany, Poland, Sweden, France, Italy, Spain and the UK) with approximately 500 participants from each Member State (3 520 respondents in total)[85]. The impact on consumers is structured around the findings from this survey. Where available, these are supplemented by secondary sources. The section regarding industry and public authorities is exclusively based on secondary sources. Given the caveats of the consumer survey mentioned in Section 2.2, the findings have <u>not</u> been applied in the analysis of impacts on businesses by, for example, estimating potential changes in sales of different types of products.

Section 6.3 is based mainly on desk research of existing secondary sources. In the text, it is made very clear when this is complemented by data delivered by industry stakeholders or findings from the consumer survey.

It is important to note that, in many cases, it has not been possible to provide a sufficiently robust quantitative estimate of impacts, and a more qualitative approach was necessarily relied upon. In addition, as the study is a feasibility study aiming to inform a potential impact assessment, policy options are more numerous and more broadly defined than they would be at formal impact assessment stage. This in turn means that it is not possible to provide highly accurate impact estimates and, instead, the figures presented in the sections below, where

[85] The survey responses were collected in May 2012. The respondents constitute a representative sample by gender and age groups. An even representation of consumers from all the major regions of the Member States has also been assured.

such are available, present illustrative examples of the order of magnitude of potential impacts. For the same reason, the authors have abstained from discounting costs and benefits as this could give the false impression that the impact estimates in this study carry the level of accuracy required for a formal impact assessment. Finally, many of the above impacts are only generated via complex impact chains. As a consequence, evidence collected may suggest impacts contingent on predicted changes in consumer and industry behaviour. However, the risk that these behaviour changes may not materialise means that estimated impacts should be assessed accordingly.

Table 11 sets out the main costs and benefits the study takes into account (identified based on the work conducted to date), and links them to both the broad types of impacts outlined above as well as to the stakeholder groups affected.

Table 11: Table of impacts

Stakeholder group/type of impact	Economic impacts	Social impacts	Environmental impacts
Industry	Costs • Administrative costs • Costs of adapting labelling • Costs of informing consumers Costs/benefits • Impact on legal certainty • Impact on sales • Impact on prices • Impact on imports and exports • Impact on supply chain/supply of raw materials		
Consumers	Costs/benefits • Impact on consumer prices	Benefits • Impact on level of consumer information Costs/benefits • Impact on quality/durability of clothing	
Public authorities (including the EU)	Costs • Costs of development of schemes • Costs of informing consumers • Monitoring and enforcement costs		
Impact on environment and wider society	Costs/benefits • Impacts on trade with third countries • Impacts on EU competitiveness and changing production patterns • Impacts on economic development in third countries	Benefits • Impact on working conditions in third countries • Impact on EU welfare	Benefits • Environmental impact as a result of changing consumption patterns • Environmental impact as a result of changing care practices

6.1 Analysis of options – impact on consumers

The following sections outline survey findings for each type of labelling. The first subsection outlines the results from the survey. The second subsection aims to assess the impacts of the proposed policy options on the basis of the survey findings.

It is important to highlight some limitations regarding the survey result. The correspondence between real world behaviour and the responses of individuals to hypothetical situations will very often not be perfect. This is in particular the case when it comes to questions of willingness to pay[86]. For some of the labels, such as for example country of origin, a rich literature exists regarding conceptual issues. Origin, for example, is not a quality in and of itself but only because it represents something else (quality, support for local community, guarantee of ethical or environmental standards, etc). The literature on measuring the use of labels in general and surrounding particular labelling types has informed the structure of the survey and the interpretation of the results. However, a detailed engagement with the academic debate on these issues has been considered to be outside the scope of this study.

The following sections outline the results of the consumer survey and their implication for the assessment of impact on consumers.

[86] Generally, experiments are seen to yield much stronger results. For a thorough discussion, see for example: Breidert, Hahsler and Reutterer. 2006. *A review of methods for measuring willingness-to-pay* in 'Innovative Marketing'. Available at: http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.68.990&rep=rep1&type=pdf
Given the cost limitations imposed on the study, the number of different labelling types and the aim of ensuring geographic and demographic representativeness, a survey was the best solution.

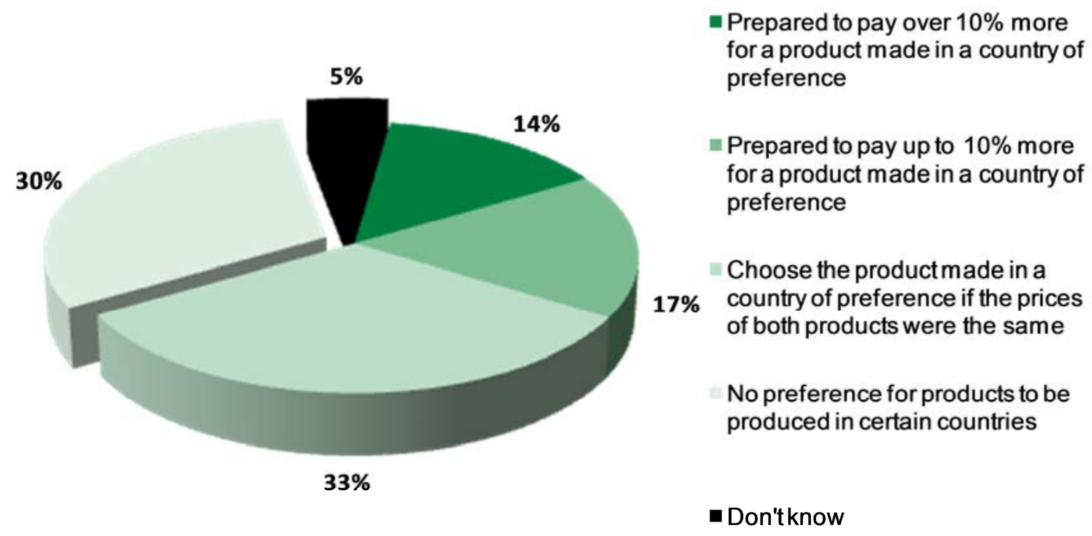
6.1.1 Country of origin information

This section is divided into two subsections. The first presents the main findings from the consumer survey. In the second subsection, the survey findings are used to draw conclusions concerning the potential impact of the policy option on consumers.

Results of consumer survey

Figure 6 illustrates the proportion of consumers with a preference for products made in a particular country. The figure indicates that approximately a third of all consumers are prepared to pay a premium for textile or clothing products made in a certain country on account of perceived better product quality and safety (see Figure 7). Another third would choose one product over another if it were made in a country of their preference. Finally, a little under a third of all consumers are indifferent to the country of origin.

Figure 6: Consumer preferences concerning country of origin of textile and clothing products



Note: Owing to rounding, the percentages add up to 99% rather than 100%.

This suggests that information about the country of origin is valuable to some extent to 64% of consumers.

Figure 7 shows the product properties that consumers perceive the origin label to inform them about. As the findings show, there may not always be a direct relationship between the country of origin information and the way it is interpreted by consumers (i.e. products labelled as produced in certain countries also convey the notion of higher or lower quality, better or worse working conditions than other products). However, for the purpose of this analysis, **the assumption is that accurate country of origin information is valuable to consumers irrespective of how they choose to interpret it**.

Figure 7: Reasons for taking origin information into account when shopping for clothing and textile product

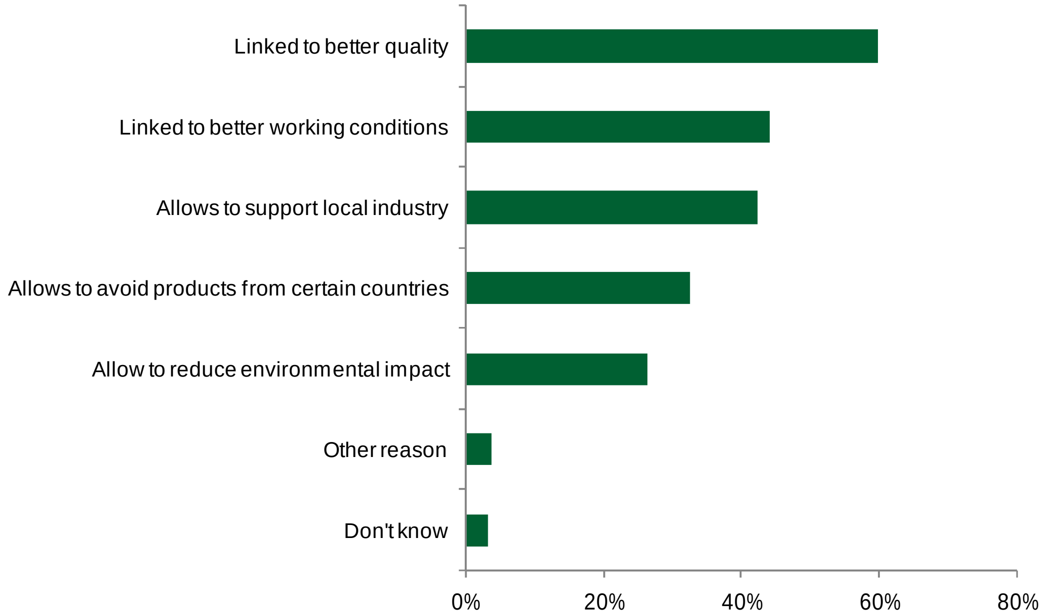


Figure 8 outlines the current use of labels carrying information about the country of origin. This question reveals the potential discrepancy between consumers with a preference for products produced in certain countries and those using the information, with 23% indicating that they 'always' account for country of origin even though many more have a preference for products from certain countries. Respondents who answered 'no' to the question of whether they had any preferences for products produced in certain countries were not asked the next question as they would have no reason to take an origin label into account. The category labelled 'never' are thus respondents who, despite a preference for products from certain countries, do not take the labels into account (e.g. because they don't trust or encounter these labels).

Figure 8: Frequency with which consumers take origin labels into account when shopping for clothing and textile products

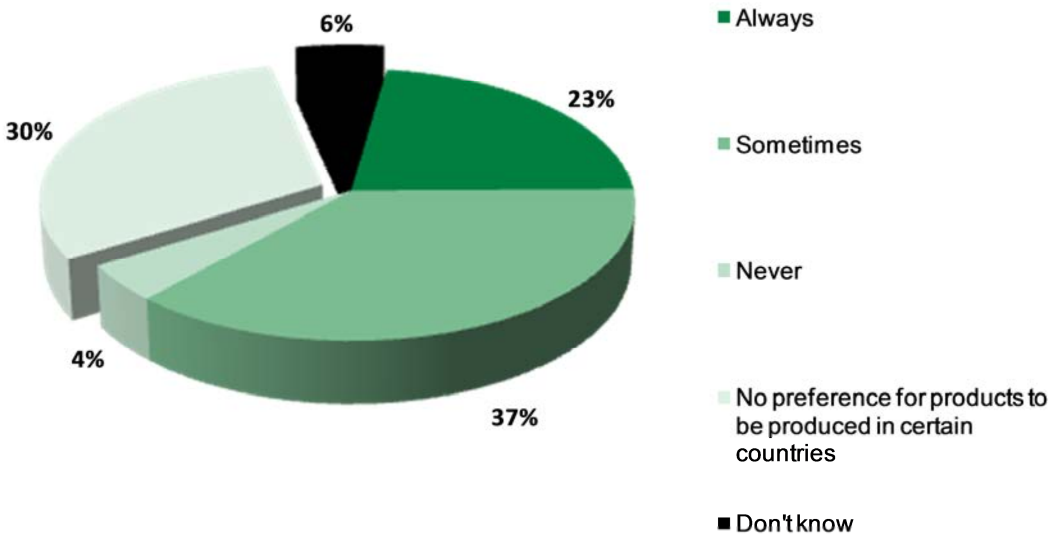
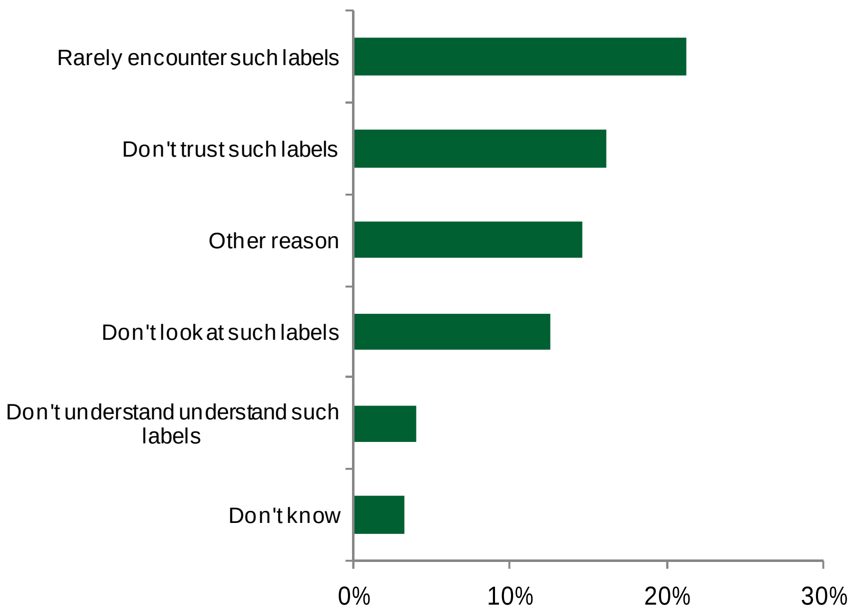


Figure 9 illustrates the reasons indicated by consumers for refraining from using labels, showing that the most common reason for not always taking labels into account was not encountering them, followed by not trusting them.

Figure 9: Reasons why consumers do not always take origin labels into account when shopping for clothing and textile products



Consumer impact of policy option

This section assesses the potential impact of the proposed policy option based on the findings of the consumer survey. In the case of country of origin labelling, the proposed policy consists of introducing a **European country of origin information system**.

The development of a clear definition could impact on both:

- the quality of the information supplied; and
- the use of country of origin information, assuming that sufficient awareness-raising and communication efforts are undertaken.

With regard to **quality of information**, the problem definition section shows that the current framework results in origin labels sometimes being viewed as misleading for some stakeholders and not reflecting accurately where a product has been made. With the introduction of a harmonised definition for origin marking of goods, including textile products, it would be easier to detect misleading labelling practices. Assuming that the definition would be in line with what is understood as country of origin by consumers, labels would provide more accurate information. This would positively impact on the 23% of consumers who currently 'always' take labels into account when shopping and, to a lesser extent, on the 37% who 'sometimes' do.

As noted above, the policy option can have an impact on the **use of information**. According to the survey results, the most common reason for not using origin labels is that consumers do not encounter these labels (21%), and the second most frequently mentioned reason is lack of trust in the information on labels (16%). Finally, 4% indicate that a lack of understanding of the label prevents them from using it. If implemented correctly and communicated to the consumers, a European definition of country of origin, which could be based on the Community Customs Code definition, could have a positive effect on consumers who do not trust origin labels and consumers who do not understand them. Alternatively, a definition of country of origin could be established according to the provisions of the General Product Safety Directive, which sets the requirements for the quality and safety of products placed on the European market. This could satisfy some consumers' demand for origin information by ensuring that the quality and safety of non-European products meet European standards of good practice and manufacturing using the best available techniques. That could lead to this group of consumers being more likely to make purchasing decisions based on origin labels.

In terms of economic impact on consumers, the main impact would be on **prices**. Several industry stakeholders suggest that a proportion of the costs could end up being passed on to consumers. At the same time, if voluntary, the potential limited level of adoption suggests that this effect is likely to be limited to producers whose product origin is important to their customers. The impacts of the options on consumers are summarised in Table 12.

Table 12: Summary table origin labelling – impact on consumers

Consumers who would experience an impact	Level of impact
Out of 65% with a preference for origin information (as indicated in Figure 6), 23% 'always' take labels into account when shopping and 37% indicate that they sometimes do	**Low positive impact (+)** Products sold to these consumers would be more in line with their preferences
Out of 65% with a preference for origin information, 37% only 'sometimes' take labels into account when shopping and 4% say they 'never' do. Some 16% and 3% of these respondents do not do so because they do not trust and understand the labels respectively (Figure 9)	Given that the reasons for not taking labels into account are only partially addressed through this policy option, a limited impact is expected

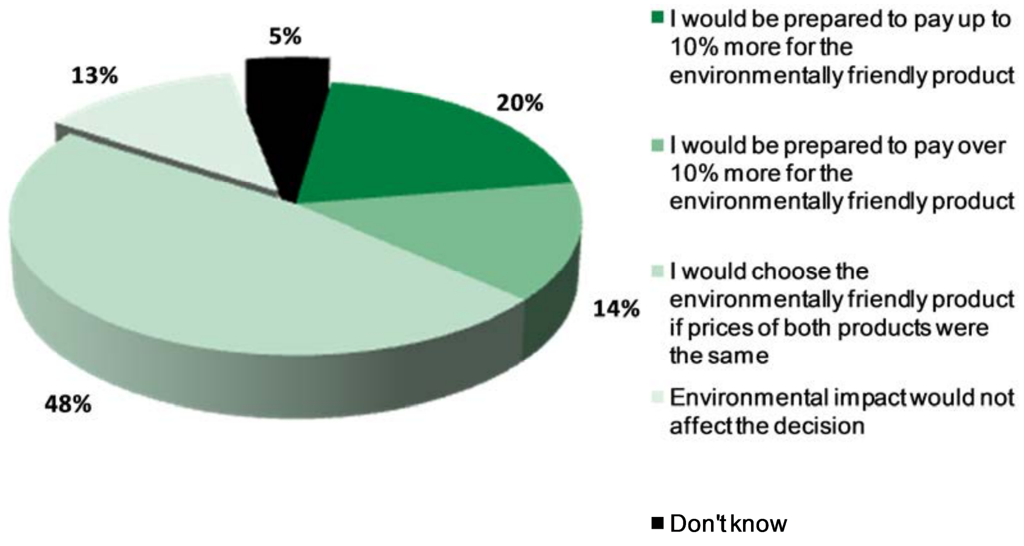
6.1.2 Environmental labelling

This section presents the main findings from the consumer survey with regard to environmental labelling. In the second subsection, the survey findings are used to draw conclusions concerning the potential impact of the policy option on consumers.

Results of consumer survey

Figure 10 illustrates the proportion of consumers with a preference for textile and clothing products with a low environmental impact. The results indicate that approximately a third of all consumers are prepared to pay a premium for environmentally friendly products. Little under half of all consumers would choose a product produced in an environmentally friendly manner if the alternative product carried the same price. Finally, 13% do not have any preference for environmentally friendly products.

Figure 10: Consumer preferences concerning environmental impact of textile and clothing products



This means that information about the environmental impact is valuable to some extent to 82% of consumers, although for the majority (48%), the value is only marginal.

Figure 11 outlines the current use of labels carrying information about the environmental impact. A relatively high number of respondents indicate that they sometimes (48%) or always (14%) take labels into account. Given the low number of existing schemes, it is likely that respondents refer to situations in which they look for labels rather than the frequency with which such labels are encountered. In total, 20% of consumers indicate that they never use the information on environmental labels even though they have a preference for products with low environmental impact. More than half of all consumers say that they sometimes take environmental labels into account when shopping for clothes.

Figure 11: Extent to which consumers take environmental labels into account when shopping for textile and clothing products

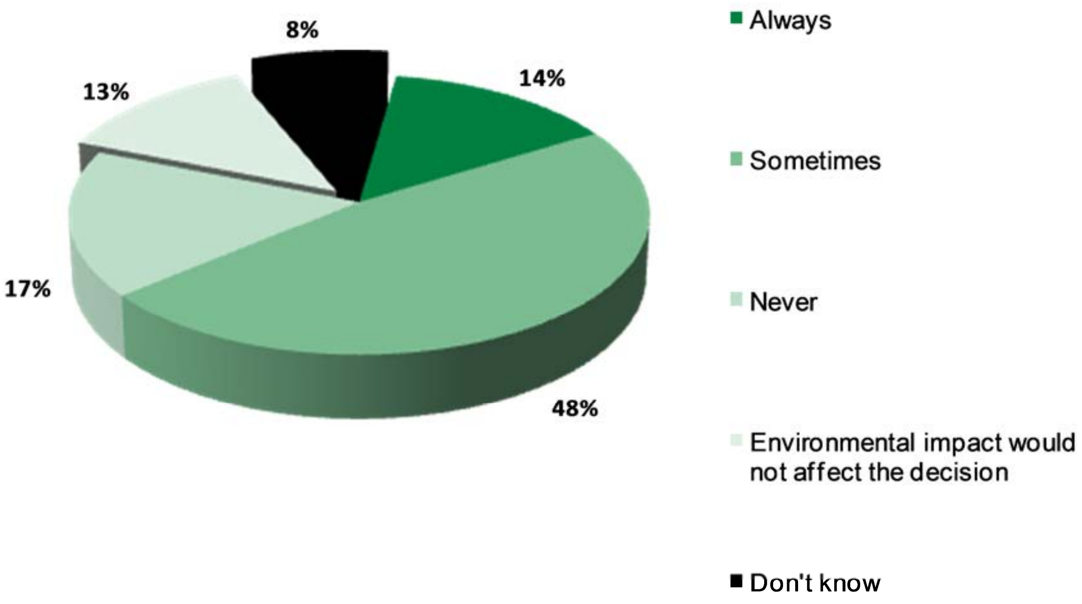
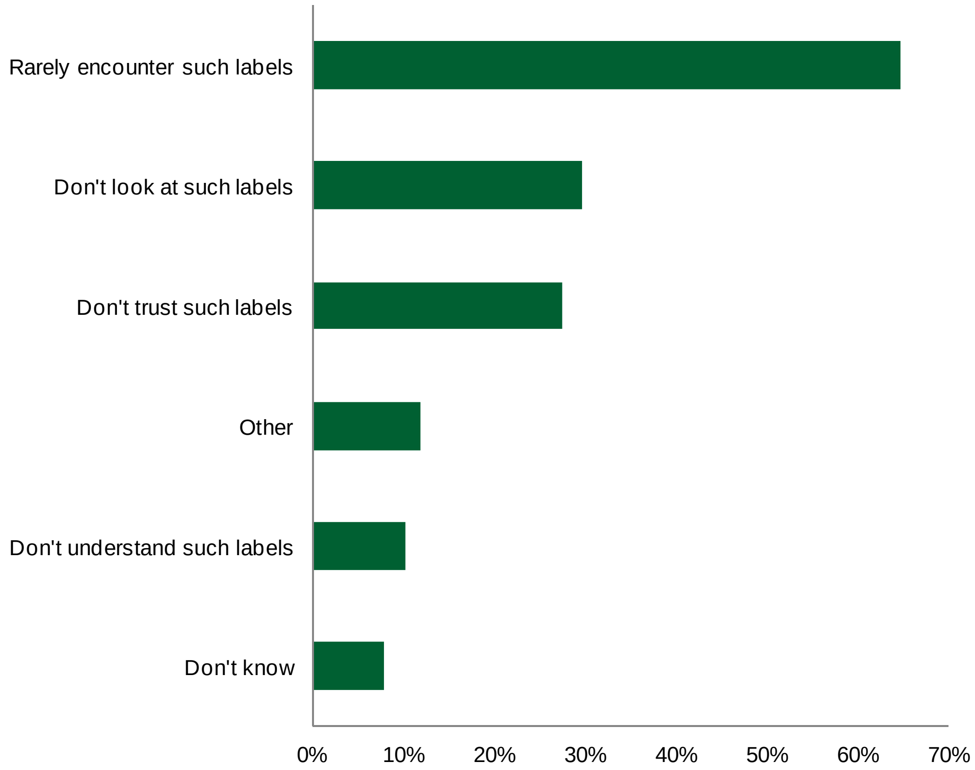


Figure 12 shows the reasons why consumers do not always take labels into account even when they have a preference for products with a low environmental impact. The reason most frequently mentioned is that people rarely encounter such labels (63%). Finally, 10% indicate a lack of understanding.

Figure 12: Reasons why consumers do not always take environmental labels into account when shopping for textile and clothing products



Consumer impact of policy options

This section assesses the potential impact of the proposed policy option based on the findings of the consumer survey. With regard to environmental labelling, the proposed policy options consist of:

- providing guidance on tackling unsubstantiated environmental claims using the Unfair Commercial Practices Directive based on existing good practices; or
- encouraging work within CEN in the establishment of industry standards for environmental claims for textile products.

Both options could impact on the following two factors:

- the quality of the information supplied on labels; and
- the **use of environmental labels**, assuming that this effort is complemented by sufficient awareness raising and communication.

With regard to **quality of information**, the problem definition section suggests that unsubstantiated environmental claims and misleading indications regarding environmental impact could be a problem in the industry. However, as current supervision of environmental claims is very limited, there are no data on the actual size of the problem (an important part of the issue is indeed that these claims are currently not being identified as unsubstantiated). If a guidance document with best practices were issued by the European Commission establishing what constitutes misleading environmental claims under the Unfair Commercial Practices Directive or standards were issued by the CEN in the field from the existing working group, it could lead to a reduction in misleading claims. This would positively impact on the 14% of consumers who currently ‘always’ take labels into account when shopping and, to a lesser extent, on the 48% who 'sometimes' do, as they would be more likely to get products whose lower environmental impact is backed up by reliable evidence.

As noted above, this policy option can also have an impact on the **use of information**. According to the survey results, the most common reason for not using origin labels is the fact that consumers do not encounter these labels (65%), and the second most frequently mentioned reason is that consumers simply do not look at the labels (30%). In addition, 28% of respondents say they do not trust the labels. Finally, 10% indicate that lack of understanding of the label prevents them from using it. The policy options would contribute to building trust towards environmental labels and make it easier for consumers to evaluate and compare claims.

The impacts of the options on consumers are outlined in Table 13.

Table 13: Summary table environmental labelling – consumer impact

Consumers who would experience an impact	Level of impact
Some 14% 'always' take labels into account when shopping and 48% 'sometimes' do. These 72% of consumers will potentially benefit from buying fewer products with misleading labels[87]	**Low positive impact (+)** Given that trust and understanding appear not to be primary reasons for the low level of use, the impact on use is likely to be limited
Out of 87% with preference for origin information, 52% only 'sometimes' take labels into account when shopping and 20% say they 'never' do. More consistent and reliable labels could lead some of them to start using labels	22% and 8% of these respondents do not do so because they do not trust and understand the labels respectively

6.1.3 Organic labelling

This section estimates the likely impact on consumers of the proposed policy option regarding 'organic labelling'. With regard to labelling of organic products, the proposed policy option consists of **linking the use of the term 'organic' for natural fibres (e.g. cotton) to the Council Regulation (EC) No 834/2007 on organic production and labelling of organic products**.

Organic labelling was not included in the consumer survey as the option was developed in the process of the study based on stakeholder input to general environmental labelling. For that reason, this section only provides a brief overview based on secondary sources.

Figure 13 draws on a global online survey performed by The Nielsen Company[88]. It shows that consumers do not exclusively or even predominantly purchase organic products based on their

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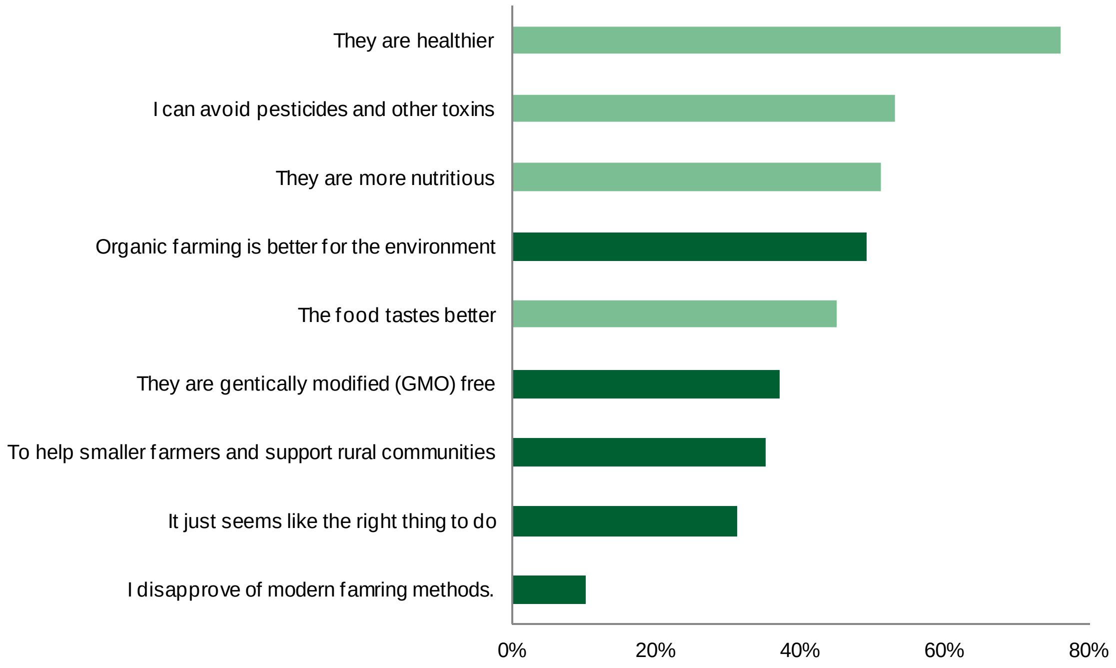
[87] There are no estimates of the size of the problem as a proportion of the total number of products carrying environmental claims. In addition, this would require the monitoring of product supply chains, which is currently not in place. A survey in this field is unlikely to yield a comprehensive picture as businesses will be unlikely to admit to their product claims being unsubstantiated.

[88] *The Nielsen Company, Global Online Survey, Q1 2010.*
Although the findings illustrated in Table 13 are based on a global rather than a European sample of consumers, the results are corroborated by findings from a survey of EU15 in 2001. This survey found that 'food health and safety' was rated as the most important reason for buying organic across the 15 Member States with 'environmental nature conservation and environmental protection' taking a clear second place. Bonny, Sylvie. 2006. *Organic Farming in Europe: Situation and Prospects*. Paris: Notre Europe. Available at: http://www.notre-europe.eu/fileadmin/IMG/pdf/Bonny_Agribio-EN.pdf

preference for environmentally friendly products. Rather, the primary reason seems to be that organic products are perceived to be healthier and of better quality, with environmental concerns acting as a secondary reason. This means that conclusions cannot be drawn from the results of the previous section regarding willingness to pay for organic products.

Figure 13: Reasons for organic product purchase with regard to food products



Source: The Nielsen Company, Global Online Survey, Q1 2010

A recent Eurobarometer survey finds that 84% of consumers agree that farmers should be encouraged to produce more organic products[89]. It also finds that the interest in organic products among consumers is growing. No data have been identified regarding organic textile and clothing products in particular.

6.1.4 Social labelling

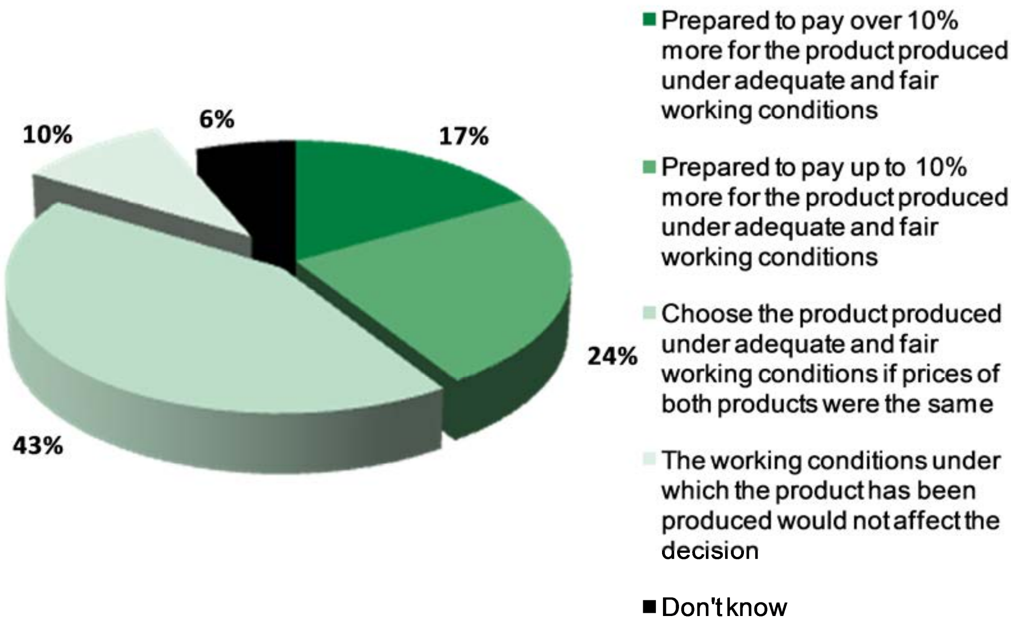
This section presents the main findings from the consumer survey with regard to social labelling. In the second subsection, the survey findings are used to draw conclusions concerning the potential impact of the policy option on consumers.

Results of consumer survey

Figure 14 illustrates the proportion of consumers with a preference for products produced under fair working conditions. It indicates that approximately two out of five consumers are prepared to pay a premium for ensuring that the workers receive fair treatment. A slightly higher number would choose the product produced under fair working conditions if the alternative had the same price. Finally, 10% are indifferent to the working conditions under which a product has been produced.

[89] Eurobarometer. *Europeans, Agriculture and the Common Agricultural Policy*. 2010. Conducted by TNS Opinion & Social at the request of Directorate-General for Agriculture and Rural Development. Survey co-ordinated by Directorate-General for Communication p. 8.

Figure 14: Consumer preferences concerning working conditions under which textile products are produced



This means that information about the working conditions under which a product has been produced is valuable to some extent to over eight in ten consumers, although for the majority (46%), the value is marginal.

Figure 15 outlines the current use of labels carrying information about the working conditions under which they have been produced. There are 30% indicating that they never use the information on social labels even though they have a preference for products produced under fair working conditions.

Figure 15: Extent to which consumers take social labels into account when shopping for textile and clothing products

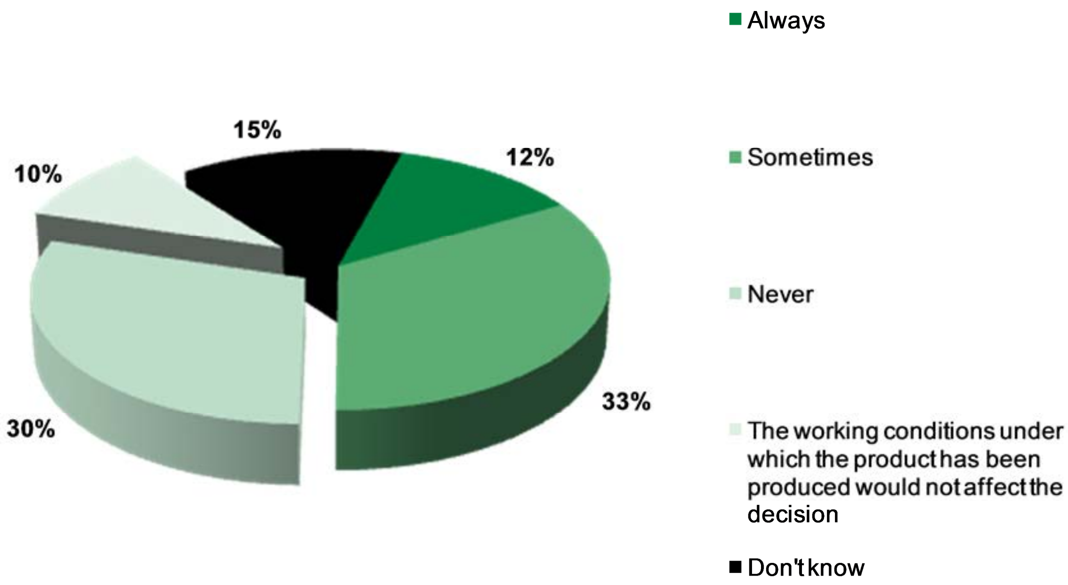
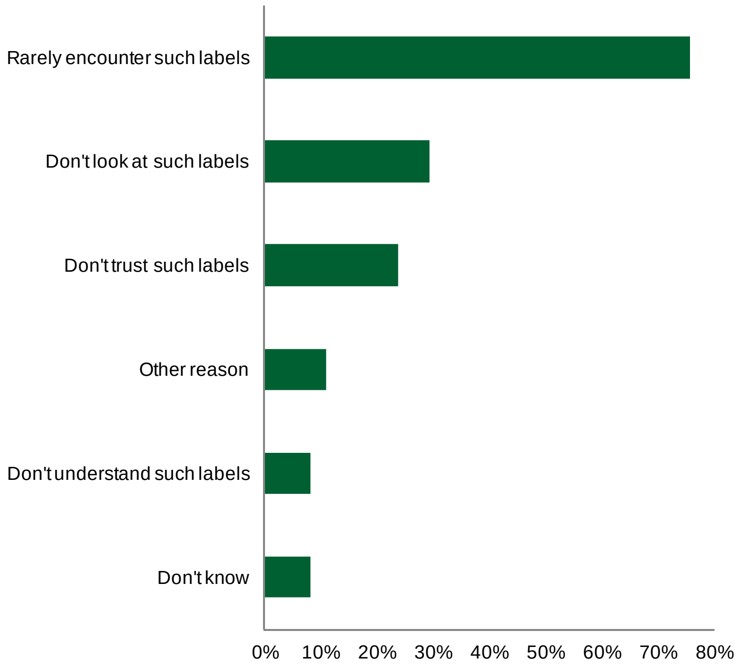


Figure 16 shows the reasons why consumers are not using social labels even when they have a preference for products produced under fair working conditions. The reason most frequently mentioned is that people rarely encounter such labels, whereas 8% indicate a lack of understanding as a reason.

Figure 16: Reasons why consumers do not always take social labels into account when shopping for textile and clothing products



Consumer impact of policy option

This section assesses the potential impact of the proposed policy option based on the findings of the consumer survey. With regard to social labelling, the proposed policy option consists of

providing guidance on tackling unsubstantiated social claims using the Unfair Commercial Practices Directive based on existing good practices.

The development of a guidance document on best practices in the field of social labelling could impact on both:

- the quality of the information supplied on labels; and
- the **use of social labels**, assuming that this effort is complemented by sufficient awareness raising and communication.

With regard to **quality of information**, the problem definition section shows that there are different standards and methodologies used by retailers and brands for measuring the social impact. A guidance document issued by the European Commission, establishing what constitutes misleading social claims under the Unfair Commercial Practices Directive, could help reduce the number of misleading or unsubstantiated claims. This would positively impact on the 12% of consumers who currently 'always' take labels into account when shopping and, to a lesser extent, on the 33% who 'sometimes' do, as they would be more likely to get products that are produced under genuinely better working conditions than the average textile product.

As noted above, this policy option can also have an impact on the **use of information**. According to the survey results, the most common reason for not using social labels is the fact that consumers do not encounter these labels (76%). The second most frequently mentioned reason is that consumers simply don't look at the labels (29%), with 24% saying they do not trust the labels. Finally, 8% indicate that lack of understanding of the label prevents them from using it. If implemented correctly and communicated to the consumers, a guidance document could contribute to building trust towards social labels and clarify what they mean.

The impacts of the options on consumers are outlined in Table 14.

Table 14: Summary table social labelling – consumer impact

Consumers likely to benefit	Level of impact
Out of 84% with a preference for information about social impact, 12% 'always' take labels into account when shopping and 33% indicate that they 'sometimes' do	**Neutral to low positive impact (+/–)** 53% of consumers will potentially benefit from buying fewer products with misleading labels
Out of 84% with preference for information about social impact, 33% only 'sometimes' take labels into account when shopping and 30% say they 'never' do. 24% and 7% of these respondents do not do so because they do not trust and understand the labels respectively	Given that trust and understanding appear not to be primary reasons for the low level of use, the impact on use is likely to be limited

6.1.5 Care labelling

This section is divided into two subsections. The first part presents the main findings from the consumer survey. In the second subsection, the survey findings are used to draw conclusions concerning the potential impact of the policy option (care labelling awareness campaign) on consumers. The findings of the survey indicate that an awareness campaign may contribute to addressing the problem of consumers' lack of information about good care practices, and change the purchasing and washing behaviour of consumers.

Results of consumer survey

Only the respondents indicating themselves as 'mainly' or 'exclusively' responsible for caring for clothes in their household (63%) were included in the following analysis. It is assumed that individuals who rarely or never care for their own clothes will be substantially less likely to adapt their behaviour in terms of shopping and caring than individuals who are responsible for caring for their own clothing.

Figure 17 illustrates the number of consumers whose purchasing decisions are influenced by care labelling instructions. As shown, 7% indicate that care instructions are irrelevant to their purchasing decisions, whereas almost one in three consumers indicate that they influence their purchasing decisions very much.

Figure 17: Please indicate to what extent care instructions on clothing labels influence your purchasing decisions

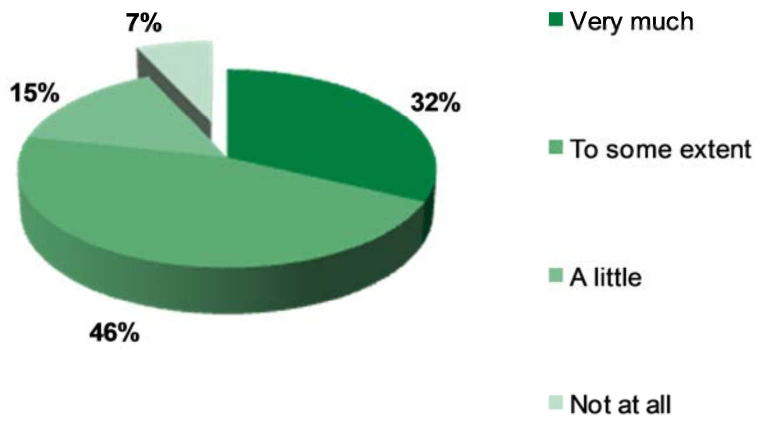
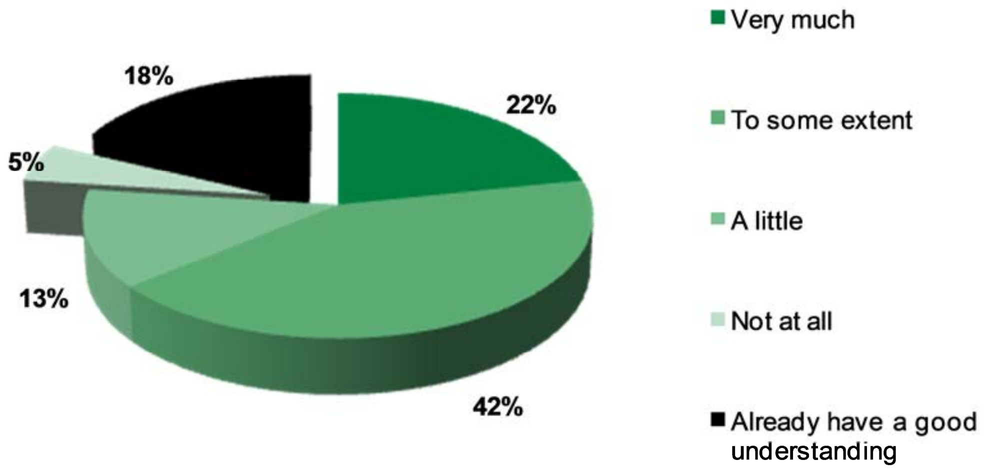


Figure 18 illustrates to what extent a better understanding of care labels will affect the way consumers care for their clothing. It shows to what extent consumers would expect to change the way they care for clothes if they had a better understanding of care symbols. In contrast, 18% say they already have a very good understanding.

Figure 18: Please indicate to what extent better understanding of care symbols would change the way you care for textile and clothing products



Consumer impact of policy option

This section assesses the impacts of the policy option on the basis of the above results. Only one policy option is considered in the case of care labels. The proposed option consists of (public authorities and/or industry stakeholders) implementing an **awareness-raising campaign** concerning care symbols.

The evidence suggests that better consumer information would lead to changes in consumer behaviour. A majority of consumers say that care symbols impact on their purchasing behaviour, meaning that improved awareness of care symbols could help consumers make more informed decisions when shopping. In addition, 64% of consumers state that better information would change the way they care for clothes 'to some extent' or 'very much'. Changing care practices could in turn have the following impact on consumers:

- impact on durability of garments (potentially resulting in lower cost of replacing or repairing garments); and
- impact on use of energy and laundry detergents.

Estimating the value of more durable clothing to the consumer is complex, as durability is not the only determinant of whether or when garments are replaced (i.e. other factors include fashion and changing body measurements). Nevertheless, improved durability is likely to have a positive impact on consumers.

In 2001, the average wash energy consumed as a consequence was 0.97 kWh as opposed to 1.04 kWh in 1996. The aggregate energy savings resulting from this were estimated to be 18 844 800 000 kWh in the year 2001. This number amounts to enough energy to power 900 000 households a year. In Table 15, an illustration is given of what that means in terms of consumer savings.

Table 15: Cost saved by reduction in washing temperature

	Member State	Estimate	Data sources/calculation
A	Energy saved for EU15 + Norway and Iceland	18 844 800 000 kWh	Washright campaign evaluation report[90]
B	Population of EU15 + Norway, Iceland and Switzerland	412 415 823	Eurostat
C	Average energy saved per individual	45.69 kWh	C=A/B
D	Cost of kWh in 2011	€0.1201	Eurostat
E	Cost saved per person	€5.5	E=C*D
F	Total population of EU 27	502m	Eurostat
G	**Total energy saved**	**22.9bn kWh**	**G=F*C**
H	**Total annual cost saved for EU 27**	**€2.8bn**	**H=E*F**

An effect on the use of detergent is also conceivable, but no data are available on the impact of laundry detergents on a European scale. In order to ensure that care labelling has a positive impact on consumers, an awareness-raising campaign would need to inform consumers about the methods of caring for the garment that would ensure its durability, generate energy and detergent savings, as well as reduce negative environmental impacts.

Finally, it is also important to be cautious when assuming, on the basis of the survey results, that improved awareness would lead to a change in behaviour. In 1997, the Federal Trade Commission (FTC) in the US launched, with industry support, Project CLEAN (Care Labelling Education and Awareness Network) to educate consumers about care symbols[91], but unfortunately no figures on the cost of this project have been published. 2009 research into consumer habits in the US shows that consumers are becoming less likely to follow care instructions over time and instead rely on procedures they are most used to[92].

Table 16: Summary table care labelling – consumer impact

Consumers likely to benefit	Level of impact
61% who say that care symbols impact on their purchasing behaviour 64% state that better information would change the way they care for clothes 'to some extent' or 'very much'	**Medium to high positive impact (+)** Improved awareness can have an impact on the way consumers care for clothing, which can lead to modest energy savings for each household, but sizeable aggregate savings Following care instructions does not necessarily translate into energy savings

6.1.6 Size labelling

The following sections present the survey results for the size label. In the second subsection, the results are analysed in terms of consumer impact while following the same structure as the previous section.

Results of consumer survey

90 http://ec.europa.eu/enterprise/sectors/chemicals/files/reports/final_aise_en.pdf
91 Directorate General for Internal Policies. January 2010. Study on Labelling of Textile Products, Brussels: EuropeanParliament.
92 Cotton Incorporated, July 2009. Cotton Incorporated Supply Chain Insights – Consumer Laundering Habits.

Figure 19 shows the number of consumers who have an understanding of their own size, with 37% of consumers indicating that they know most of their measurements.

Figure 19: To what extent consumers know their own measurements such as waist, bust and chest

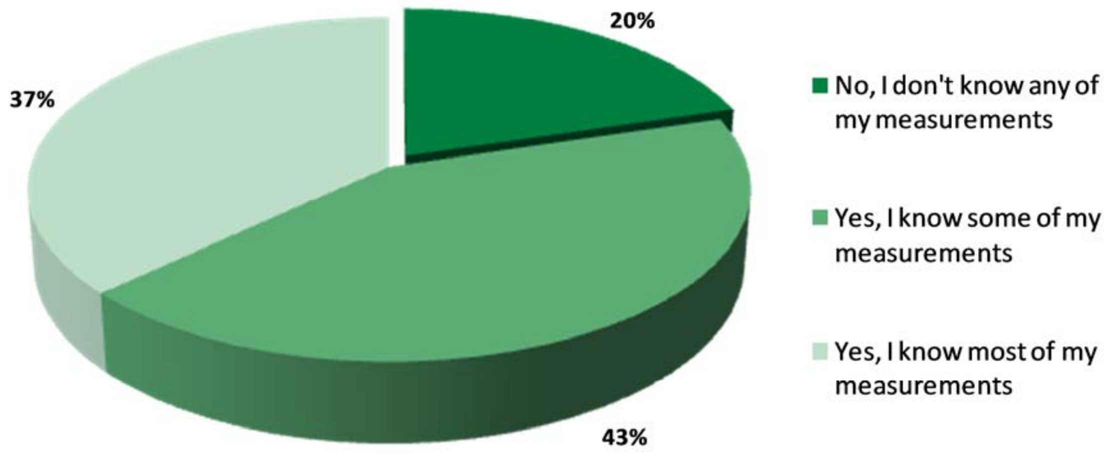


Figure 20 illustrates how many consumers would be more confident shopping in different situations if a size labelling scheme based on body measurements were in place. The light green bars indicate how many people would be more likely to buy in different situations if such a sizing scheme were in place. Over 50% indicate that they would be more confident ordering clothes through a catalogue or online, and little fewer than 50% say that this would translate into an increased likelihood of buying clothes that way. Some 12% say that they would buy more clothes from other countries, and another 12% state that they would buy more clothes for other people.

Figure 20: Situations in which consumers would be more confident and more likely to make purchases of textile and clothing products with a size labelling scheme based on body measurements in place

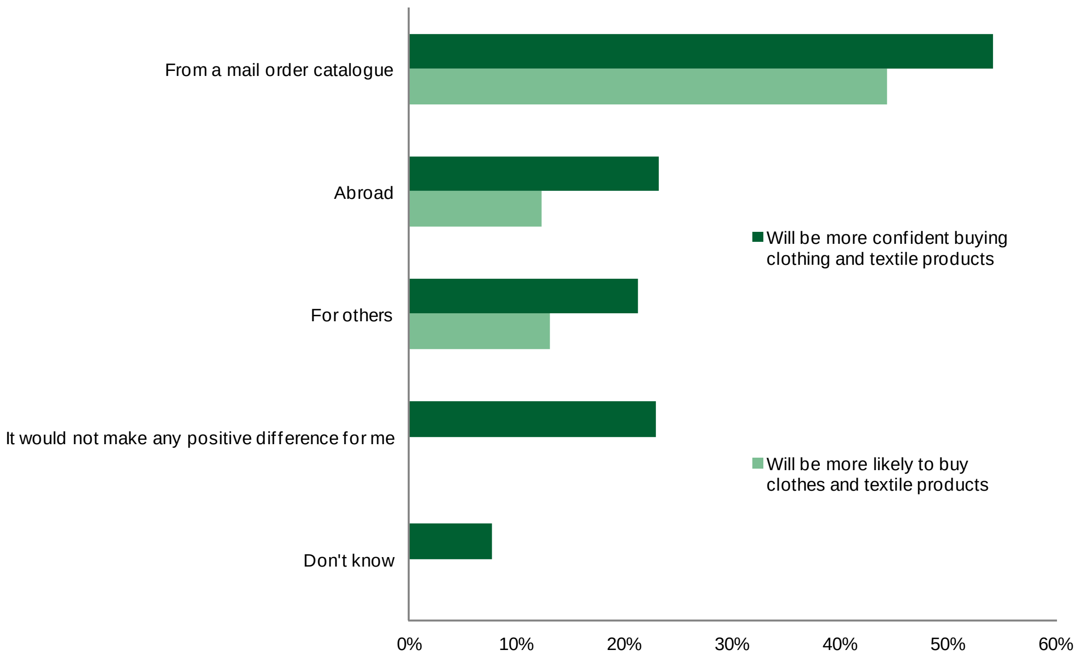
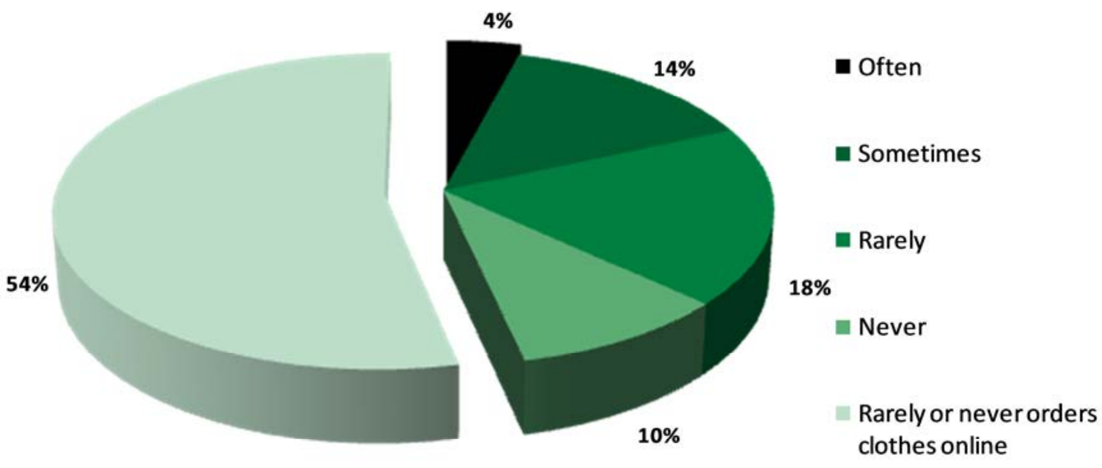


Figure 21 illustrates the problem of online returns because of wrong sizes. It shows that 18% of consumers experience this often or sometimes.

Figure 21: Frequency of mail order or online returns because a clothing product did not fit



Consumer impact of policy option

This section assesses the consequence of the consumer survey findings in terms of impacts. Only one policy option is considered in the case of size labels. The proposed policy consists of **encouraging progress of the standardisation work to deliver a system that provides uniform information to consumers**.

In the case of size labelling, the use of information is closely related to the quality of information, which is why the following analysis differs from the previous ones. Unlike labels regarding origin and environmental and social impact, it is very easy in most situations for the consumer to retrieve the information themselves (simply by trying the clothes on). This means that inaccurate information will quite promptly lead to consumers ceasing to use it.

If **the quality of the size information** is perceived to be high enough to rely on, consumers can save time when shopping. Also, as illustrated above, it will lead to greater confidence among consumers buying clothes and textile products in situations where they cannot immediately identify the size. This in turn could lead to a reduction in returns with a benefit to consumers as well as retailers.

A key economic impact associated with this option relates to the **sales** of products, in particular in situations where size labels are of particular importance. Given that the label will be voluntary, take-up will be limited to businesses that can see an overall benefit in introducing it whether in terms of reduction in business cost or consumer prices. At the moment, approximately one-third of the cost of online returns falls on the consumer, while the rest is paid by the retailer[93].

Table 17: Summary table size labelling – consumer impact

Consumers likely to benefit	Level of impact
61% indicate that they are likely to be more confident shopping in one or more situations where they can immediately access sizing information 32% indicate that they have experience of returning items due to misfit 'often' or 'sometimes' over the past year	**Medium to high positive impact (+)** As described in the following sections, this policy option is associated with a number of practical challenges. However, if implemented well, it could potentially have a great impact

[93] This is based on survey data collected for the UK: Conlumino. 2012. *Thriving in a multichannel world*. Report commissioned by Webloyalty.

6.2 Analysis of options – impact on industry, public authority and wider society

The following sections will outline the impacts on industry, public authorities and wider society.

6.2.1 Country of origin information

Baseline scenario

There was generally no consensus among stakeholders about the scale of the problems created by the current lack of EU level coordination in the field. Additionally, there was disagreement about the feasibility of introducing a country of origin scheme. Currently, the Community Customs Code provides a definition for determining the origin of a product. The extent to which this definition is applied in practice across the industry and enforced by customs authorities is unknown to the consulted stakeholders. To the extent that misleadingly labelled products are currently being marketed, the value of the reputation of quality or good working standards that some countries have achieved over time is being undermined. At the same time, it is a cost to consumers to be misinformed. In the consumer survey, 54% of the respondents indicated that they always or sometimes take country of origin labels into account when shopping for textile and clothing products. If the requirements for origin labels are flexible and unenforced, it means that consumers are being misled. The main costs related to the status quo thus include consumer disempowerment and unfair competition between businesses. A key statistic that is applied in this and the following section concerns the market size and definition of textile and clothing products. For a list of the included product categories and codes, see Annex 4. The key figures are outlined in Table 18.

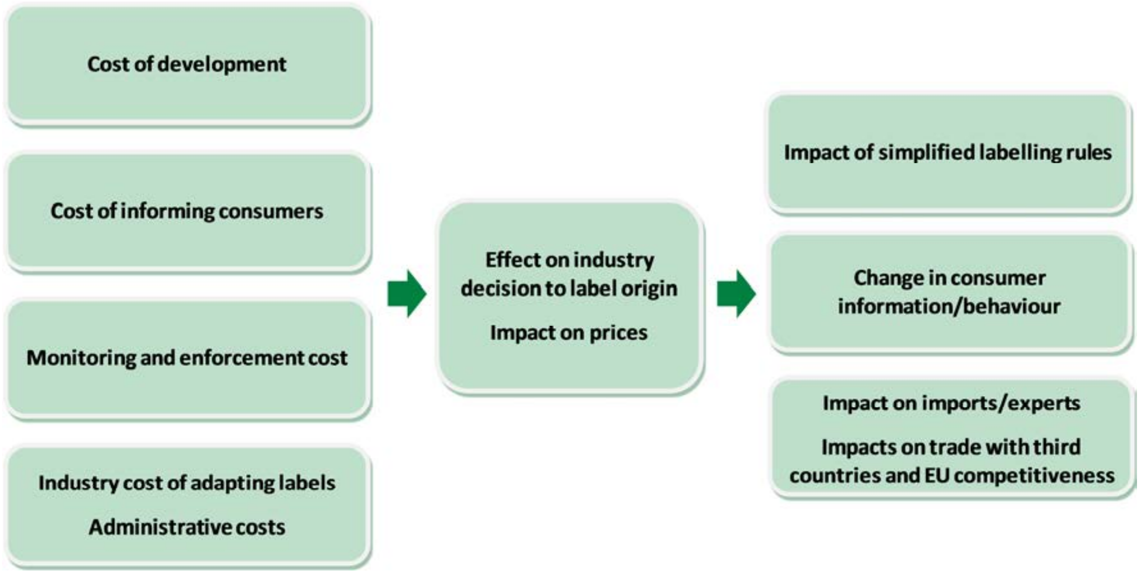
Table 18: Key figures used in the impact analysis

Estimates	Indicator description	Source
24.1bn	2011 Volume of sold clothing and textile products (units) = domestic production + import – export	Eurostat (ProdCom) See Annex 4 for included product categories
€81bn	2011 Value of EU consumption of clothing and textile products (€) = domestic production + import – export	

Analysis of impacts

Figure 22 outlines a preliminary conceptual understanding of the proposed **country of origin information system** with a European origin definition, which could be based on the Community Customs Code definition.

Figure 22: Country of origin



The individual impacts are described in more detail in the sections below.

Impact on public authorities

The economic impacts on public authorities are the costs of:

- developing and administering a labelling system;
- informing the consumers; and
- monitoring and enforcement.

These impacts are described in more detail in the following subsections.

The cost of developing and administering an information system

The cost of developing a workable country of origin definition is likely to be primarily the time needed to reach consensus on a potential definition. Such a definition could apply to a range of imported and EU manufactured products, or target a single industry sector or a specific category of imported goods only. The challenges of developing a definition include the fact that it can be difficult to adequately communicate the complexity of modern global supply chains to the consumer with reference to a single place/country of origin. Within the EU and among its main trade partners, there is still no consensus on the key criteria determining the origin of textile products. Clothing and textile products are often sewn together in one country while the component elements have been transformed into fibres, yarns and fabrics in yet another country. For the purpose of facilitating product safety traceability, the country of origin information system could possibly indicate several of the countries where the product would undergo different operations, e.g. woven in DE and sewn together in IT, before reaching the final consumer, thus following the spirit of the American system. Any definition would need to account for such complexity. Moreover, the costs incurred by market surveillance authorities, accreditation and certification bodies should be accounted for (see below on **monitoring and enforcement**), and the risk of creating artificial barriers to the smooth functioning of the EU internal market should be adequately addressed (see below on **simplifying labelling rules faced by businesses operating across the EU**). The Australian solution provides a two-tier origin system, with a strict (product of Australia) and a less strict designation (made in Australia). **The solution proposed here would be to refer to the specific working or processing mentioned in Annexes 10 and 11 of the implementing provisions of the**

Community Customs Code. This definition ensures that businesses following existing definitions will not be in conflict with the suggested policy option.

A previous impact assessment in the field of textile labelling shows that the process of developing an industry standard can take three years. This estimate is corroborated by an expert in the area of European standardisation, who expects that three or four years of work in a Technical Committee would be needed to develop a CEN standard. Although the country of origin definition would not necessarily be developed through a standardisation route, the above estimate serves as a useful guide to the time required to do so. **The proposed alternative solution, which would consist of providing the documentation necessary for tracing the origin as well as the safety of products**, would require less time to develop and its implementation would build upon the provisions of the General Product Safety Directive.

Cost of informing consumers

In addition to developing a definition, stakeholders representing industry and consumers pointed to the importance of consumer information campaigns accompanying any significant change in labelling rules and regulation.

An information campaign for the EU labelling system for beef can provide some indication of the cost associated with a campaign to inform consumers. This campaign, approved under regulation (EC) No 890/1999, required €6.8 million of funding to cover 15 Member States[94]. As shown in Table 19, the cost for 28 Member States would be approximately €12.2 million.

Table 19: Cost of an information campaign

	Member State	Estimate	Data sources/calculation
A	Total cost for 15 Member States	€6.8m	Information campaign for the EU system of beef labelling
B	Average cost per Member State	€0.5m	B=A/15
C	Total cost for 27 Member States	€12.2m	C=B*27

Although the example of beef labelling is one where an information campaign is more central to the labelling system than is the case for country of origin information of textile products, it nevertheless provides a useful indication of the orders of magnitude associated with the costs of awareness-raising.

Costs of monitoring and enforcement

There is generally limited evidence concerning the potential costs of monitoring and enforcement or market surveillance, especially given that it may depend on the criteria and rules applicable to the textile labelling system (e.g. requirements and conditions for using certified labels or test methods). The impact assessment study on a possible extension, tightening or simplification of the Framework Directive 92/75 EEC on energy labelling of household appliances found that estimates associated with monitoring and enforcement of an energy labelling system varied between €25 000 and €500 000[95]. As Table 20 shows, the total annual monitoring cost across the EU could fall in a wide range from €675 000 to €13.5 million.

[94] EU Press Release. 2000. Information campaign for the EU system of beef labelling. Available at: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/00/244&format=HTML&aged=1&language=EN&guiLanguage=en

[95] Europe Economics. 2007. *Impact assessment study on a possible extension, tightening or simplification of the framework directive 92/75 EEC on energy labelling of household appliances*.

Table 20: Cost of monitoring and enforcement

		Estimate	Data source/calculation
A	Annual monitoring and enforcement cost per Member State – low estimate	€25 000	Impact assessment study on a possible extension, tightening or simplification of the Framework Directive 92/75 EEC on energy labelling of household appliances
B	Annual monitoring and enforcement cost per Member State – high estimate	€0.5m	
	Cost scenarios		
C	Total annual monitoring and enforcement cost for EU27 – low estimate	€0.7m	C=A*27
D	Total annual monitoring and enforcement cost for EU27 – high estimate	€13.5m	D=B*27

The range of costs based on the above estimates is relatively large, but there are indications that enforcement costs could be at the lower end of that range. According to one of the industry stakeholders, implementation is likely to become an important issue given the fact that the EU has joint customs legislation but 27 customs authorities. This point is also stressed in a study commissioned by ANEC (European consumer voice in standardisation) and the UK Department for Environment, Food and Rural Affairs[96]. It found that enforcement actions of the European Energy Label were either not taken or not being reported in seven of nine investigated Member States. However, it is also possible that monitoring would not necessarily be restricted to border control but could be assisted by consumers, consumer associations, NGOs and the industry itself, thus easing the burden on public authorities.

An impact assessment found that, in the area of nutrition labelling, resources allocated to inspection/control do not rise together with the number of initiatives to be inspected or controlled[97]. This indicates that the monitoring and enforcement of a labelling system covering one sector will be more expensive per unit relative to a system covering multiple product groups.

Impact on industry

The main economic impacts on industry include:

- costs of introducing or changing labels;
- impacts on sales and prices; and
- economic impacts associated with changes in trade patterns.

Cost of adapting labels

Where there are labels in place, the costs of adapting labels can be inferred by looking at research concerning nutrition labelling. In an impact assessment on the direct cost of including nutrition labelling on food products, the drafting, artwork and printing costs were estimated to be €2 000–4 000 per SKU (stock keeping unit, i.e. a particular type of product), whereas the cost of extensive redesign would be €7 000–9 000 per SKU[98]. According to a major jeans

[96] Viegand & Maagøe. 2007. *A review of the range of activity throughout Member States related to compliance with the EU Energy Label regulations in those countries*. p. 3.

[97] European Advisory Service. 2004.*The introduction of Mandatory nutrition labelling in the European Union – impact assessment undertaken for DG Sanco, European commission*. p. 51.

[98] European Advisory Service. 2004.*The introduction of mandatory nutrition labelling in the European Union – impact assessment undertaken for DG Sanco, European Commission*. p. 31.

manufacturer, the average SKU will consist of 2 500–4 000 products[99]. This yields an estimated cost of relabelling of €0.5[100]–1.6[101] per individual item. However, this estimate is quite sensitive to the actual number of products per SKU, which could in reality vary greatly across product categories. According to the European Apparel and Textile Confederation, Euratex, the cost of changing a basic label is likely to be in the range of €0.10–0.60 per item. As a consequence, this study applies the estimate of €0.50 per item, which falls within the range of both estimates[102].

Table 21 presents an estimate of the costs to the textile and clothing industry for different scenarios. It is based on the above estimate of costs per SKU, which requires the assumption that the cost is borne by the retailers. It is assumed that, for a voluntary label, the cost of adapting labels will fall on the companies that are currently labelling in a way that will be considered misleading under the new rules. The cost of take-up will additionally be borne by industry stakeholders who see an economic benefit in it. However, as this group of businesses will take on the cost voluntarily and by definition have this cost off-set by commercial benefits, they are not included in this cost estimate. It is in addition <u>not</u> expected that this group will be large. A voluntary definition will most likely not lead to a significant increase in take-up as any increase in consumer confidence, which could motivate take-up, is likely to be gradual. As the 2005 impact assessment notes:

> 'The development of a voluntary scheme would limit the additional costs of economic operators to those producers firmly convinced that the name of the country of origin on the product is an asset as far as they would have to modify their practices to comply with the new requirements'[103]

[99] Abernathy et al. 2002. Globalization in the Apparel and Textile Industries: What is New and What is Not?
[100] €2 000/4 000 units = €0.50 per unit.
[101] €4 000/2 500 units = €1.60 per unit.
[102] It is important to note that this cost solely covers the cost of changing the physical labelling. Cost pertaining to the collection and management of the data provided on the label will only increase if the definition differs from those applied for customs purposes and/or for mandatory systems in other important global markets. These issues are discussed in the last two sections of this chapter.
[103] Commission Staff Working Document. 2005. *Annex to the proposal for a Council Regulation on the indication of the country of origin of certain products imported from third countries. Impact Assessment*. COM(2005) 661 final p. 13.

Table 21: Cost of changing labels

		Estimate	Data source/calculation	Assumption
A	Cost of adapting the physical label per individual product	€0.50	Impact assessment on the introduction of mandatory nutrition labelling in the EU, estimate provided by Euratex	• Adapting labels does not involve extensive redesign • Costs for food product labelling can be used as a proxy for costs of textile labelling • Estimate has been cross-checked with industry stakeholder
B	Volume of sold production of apparel and textile products (units)	24.1bn	Eurostat 2011 figure[104]	Production + export – import
C	Proportion of products currently carrying country of origin labels	50–70%	No data are available regarding this issue, but several consulted stakeholders argued that the majority of products carry origin labels	The statements of the stakeholders are representative of the whole industry
D	Proportion of currently labelled products that would be considered as misleading if policy option were introduced	10%	No data are available regarding this issue	• Indicative estimate • If the number of misleading products is much lower than 10%, the harm to the consumer will be limited and policy intervention will in any case not be justified
E	Estimated number of products with misleading labels	1.2–1.7bn	B*C*D	
		Cost interval	**Calculation**	
F	Total of adapting labels	€603.1m – 884.3m	F=E*A	

It is important to clarify that this is a one-off cost and would only be incurred in the year when the change takes place. However, the majority of products can be expected already to carry a label in accordance with the criteria. A country of origin information scheme would require relabelling (or removing labels) only in the case where existing labels are not consistent with the proposed system. This is the cost that has been calculated in Table 21. In other situations, the costs will be borne by producers and retailers who believe that they can benefit from including the label on their product.

[104] Eurostat. PRODCOM Database. A representative selection of textile products were selected based on the publication 2009. *European business – Facts and figures: Textiles, clothing, leather and footwear* , table 10.4, p. 14. The following PRODCOM product codes have been included: 18.23.30.00, 18.23.23.00, 18.22.33.30, 18.22.34.70, 18.23.21.00, 18.22.22.10, 18.22.23.00, 18.22.34.80, 18.22.24.42, 18.22.35.49.

Impact on sales and prices
In terms of impact on prices and sales, the policy option would generate an economic impact if:

- country of origin information would result in consumers being willing to pay a higher price for country-specific products; or
- consumers would be more willing to purchase products conveying such information.

The results of the consumer survey suggest that consumers do tend to have a preference for products to be made in specific countries, and over a third of all consumers are willing to pay a premium for a product made in that particular country of preference. This suggests that country of origin information, which also facilitates communicating product quality and safety, does have an impact on sales and prices, although whether a changed country of origin definition will have such an impact would depend on the consumers understanding the value of country of origin information.

At an aggregate level, however, it is difficult to determine the impact of this measure on the European textile industry as a whole. Even if consumers were to change their purchasing behaviour, any increase in sales of textile products from one group of countries could come at the expense of sales of textile products from another group of countries. This is supported by the findings from the stakeholder consultation where, despite support for revised origin rules from stakeholders in some Member States, some European-level industry stakeholders remain sceptical about introducing a country of origin labelling system. This in turn suggests that any potential impact of such a label would not be distributed equally across the industry, with some segments of the industry potentially becoming disadvantaged. Were the country of origin definition to favour 'made in individual Member States', as opposed to 'made in EU', the risk of fragmentation of the EU internal market, and related costs, should not be underestimated.

Simplifying labelling rules faced by businesses operating across the EU
There is little evidence that a measure aimed at establishing a new country of origin information scheme would have an impact on simplifying labelling and marking rules faced by businesses. Currently, no EU Member States have mandatory origin labelling systems for textile and clothing products. This could be because, as shown in Section 3.5.1, the Community Customs Code is seen as a reference point in most countries. In addition, it is important to take into account the international origin labelling requirements that larger economic operators will still need to consider (see below).

Effects on international trade
Finally, regarding the effects on international trade, industry stakeholders stress the risk that labelling requirements could be seen as protectionist behaviour by important trading partners of the EU. This in turn could lead to protectionist countermeasures from other countries. As the previous impact assessment on origin labelling from 2005 states, in most cases, foreign and domestic producers mark their production according to the rules of third countries of export (e.g. US and Australia) without differentiating between the production to be distributed in the single market and in non-EU markets. A potential scheme could change this behaviour[105]. However, it is not clear whether a 'made in EU' label would be welcomed by EU trade partners and meet the expectations of the majority of EU economic operators. Labelling requirements based on conflicting standards could result in very high administrative and compliance costs for

[105] Commission Staff Working Document. 2005. *Annex to the proposal for a Council Regulation on the indication of the country of origin of certain products imported from third countries. Impact Assessment*. COM(2005) 661 final, p. 14.

businesses operating globally. In addition, recent WTO case law indicates that country of origin systems entail the risks of compromising international trade agreements.

Summary of impacts

Table 22: Summary of impacts – country of origin

Costs		Benefits	
Cost of development	3–4 years [not costed]	Hypothetical benefit of increase in sales	Positive but not quantifiable [not costed]
Cost of informing consumers (one-off)	€12.2m		
Annual cost of monitoring and enforcement	€0.68m–13.5m	Benefit of simplified rules	No evidence of impact
Cost of adapting labels (one-off)	€603.1m–884.3m		
Cost of increasing consumer prices	No clear evidence [not costed]	Benefit for consumer information	Positive but not quantifiable [not costed]
Total one-off cost	**€615.2m–856.5m**	**Total one-off benefit**	**N/A**
Total annual cost	**€0.68m–13.5m**	**Total annual benefit**	**Consumer benefit and increase in sales positive but not quantifiable [not costed]**
Cost–benefit		**<u>Unable to quantify benefits</u>** **Cost over a five-year period is estimated to be €618.6m–924m[106]** **This cost is equivalent to the value of a 0.2%[107] hypothetical increase in EU sales of clothing and textile products in the same five-year period**	

106 Cost over a five-year period = total one-off cost + (total annual cost*5)

107 Hypothetical increase in EU sales of clothing and textile products in the same five-year period = cost over a five-year period/(total value of annual sales of textile and clothing products) 24.1bn/5

Table 23: Distribution of impacts – origin

Stakeholder group/type of impact	Costs	Benefits	Aggregate impact
Public authorities	Medium negative (–) • Developing a definition for origin labels can be time consuming given the contentiousness of the issue • Informing consumers • Monitoring and enforcement costs are not likely to be high	N/A	Medium negative (–)
Industry	Low negative (+/–) • Cost of adapting labels for businesses currently labelling in a way that could be seen as misleading • Risk of businesses facing conflicting labelling standards in and outside the EU	Low to medium positive (+) • Limited evidence that the country of origin label would lead to higher sales or consumers paying substantially higher prices • Better protection of the commercial value of certain origin countries	Low positive (+)
Consumers	Neutral (+/–) • Limited evidence that costs will be passed on to consumers as higher prices	Neutral/low positive (+/–) • There is evidence of consumer interest in origin • Given that consumers associate qualities with origin labels that can be unrelated to origin, a labelling scheme is unlikely to fully deliver the information that consumers need to make their decisions	Low positive (+/–)
Aggregate impact	**Neutral/low negative (+/–)**	**Neutral/low positive (+/–)**	**Neutral (+/–)**

6.2.2 Care labelling

Baseline scenario

Washing clothes takes up a significant part of total energy, water and laundry detergent consumption of a household. In a report from 2004, it was estimated that there were **268 552.9 million washes per year in EU15[108], which amounts to** 174 washes per household per year[109]. The same report estimated the average energy consumption per wash to be 0.97 kWh. This amounts to an annual energy consumption per household of 169 kWh or 0.8% of average total household energy consumption[110].

Analysis of impacts

Figure 23 outlines a preliminary conceptual understanding of the proposed **awareness-raising campaign** concerning sustainable care.

Figure 23: Care instructions

The individual impacts are described in more detail in the sections below.

Impact on public authorities

The key economic impact on public authorities associated with this policy option is likely to be the **cost of the information campaign**. Campaigns, such as the industry-led Washright campaign and the EU Sustainable Energy Europe campaign (2005–2008), are valuable sources of information. Washright was a campaign running over five years (1996–2001) by the International Association of Soap and Detergents and Maintenance products (AISE). It consisted of a coordinated effort aimed at improving both production processes and consumption behaviour. The consumer campaign involved an alignment of labelling practices, a multilingual website and the development of advertisement templates to be used by national associations. The most costly component of the campaign, however, was a 15-second industry advert running across the EU15 + Iceland, Norway and Switzerland. The campaign cost €10 million per year and ran for three years[111].

Based on those cost figures, it is possible to arrive at an approximate estimate of an equivalent campaign in the EU27: €45 000 000. Table 24 illustrates the calculations. Given that the AISE campaign had a number of other components whose cost has not been estimated, it should be seen as an optimistic estimate.

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[108] AISE. 2003. *Implementation of the AISE code of good environmental practice for household laundry detergents in Europe*. Available at: http://ec.europa.eu/enterprise/sectors/chemicals/files/reports/final_aise_en.pdf
[109] Number of households according to Eurostat in EU15 in the year 2000: 154 025m.
[110] Estimated to be 20 000 kWh according the European Energy Agency.
[111] AISE. 2003. *Implementation of the AISE code of good environmental practice for household laundry detergents in Europe*. Available at: http://ec.europa.eu/enterprise/sectors/chemicals/files/reports/final_aise_en.pdf

Table 24: Cost of an information campaign

	Member State	Estimate	Data sources/calculation
A	Total cost for 15 Member States + Iceland, Norway and Switzerland	€30m	AISE campaign on reducing detergent and water use
B	Average cost per Member State	€1.6m	B=A/18
C	Total cost for 27 Member States	€45m	C=B*27

Environmental impacts

The environmental impact resulting from the action in the area of care labelling primarily concerns the environmental impact of changes in the way consumers care for garments. If consumers were to use more sustainable care methods, one could indeed observe a positive impact. However, it is rather difficult to assess and compare potential environmental impacts of care methods, such as dry or wet cleaning, which use chemicals, water and energy in different proportions and are influenced by many factors, e.g. characteristics of cleaning equipment, type and quality of fibres, etc. According to the evaluation report of the AISE campaign, the following results were achieved.

- Energy consumption – reduced wash temperatures by 6.4% over the period (target: 5%);
- Laundry detergent use – achieved 7.9% reduction (target: 10%).

The aggregate energy savings resulting from this were estimated to be 18 844 800 000 kWh in the year 2001. As shown in Table 15, this would amount to 23 4bn kWh saved per year if applied across the EU27. Such a campaign should draw on some of the experiences from previous campaigns and gather similar support within the industry.

Summary of impacts

Table 25: Summary of impacts – care

Costs		Benefits	
Cost of three-year TV campaign	€45m	Total annual economic sp *person)*	€2.8bn *(€5)*
		Environmental benefit	23.4bn kWh
Total one-off cost	**€45m**	**Total one-off benefit**	**N/A**
Total annual cost	**N/A**	**Total annual benefit**	**€2.8bn + 23.4bn kWh saved**
Cost–benefit		**This option is potentially cost-beneficial**	

Table 26: Distribution of impacts – care

Type of impact	Costs	Benefits	Aggregate impact
Consumers	N/A	**Medium to high positive (+/+)** Improved consumer information Potential savings due to reduced energy, water and laundry detergent use	Medium to high positive (+/+)
Public authorities	**Low negative (–)** Costs of an awareness-raising campaign	N/A	Low negative (-)
Industry	**Neutral to low negative (+/–)** Costs of possible involvement in an awareness-raising campaign	N/A	Neutral to low negative (+/–)
Environmental	N/A	**Medium positive (+)** Potential increased use of more environmentally friendly and sustainable care methods	Medium positive (+)
Aggregate impact			**Medium positive (+)**

6.2.3 Size labelling

Baseline scenario

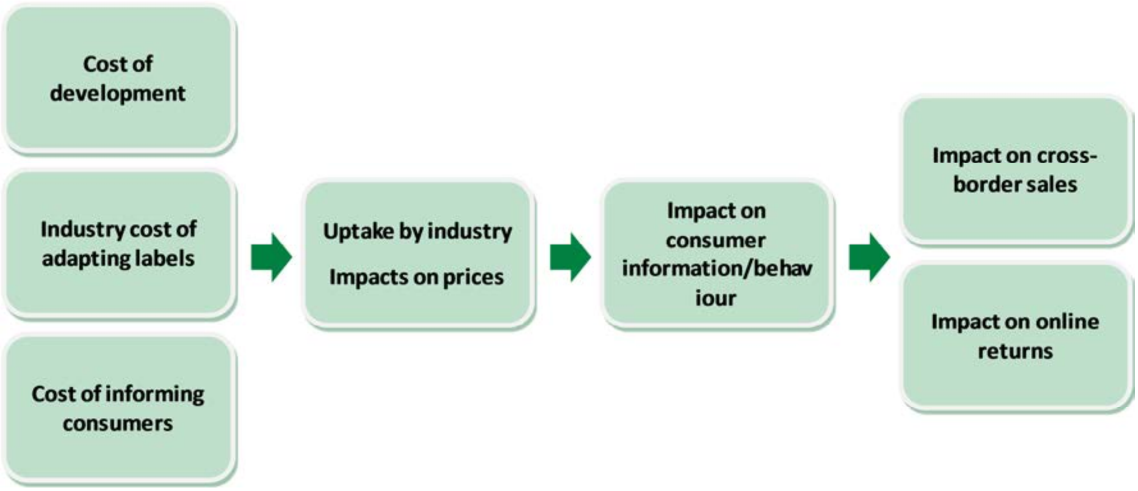
Online sales is the main area where a standardised size labelling system could have an impact. This area is predicted by a recent market study to grow rapidly over the next years. According to Forrester Research, **online sales will increase 10% year-on-year until 2015 when clothing is expected to generate €21 billion in online sales in EU17**[112]. Online returns have increased in parallel[113]. Approximately 200 million returns[114] of clothing and textile items bought online were ordered in 2011[115]. This number could increase with increasing online sales.

However, it is important to note that **new technologies in the field of internet sales could render a sizing system redundant in the future**. Already, now some 'virtual fitting rooms' such as www.fits.me offer technological solutions that measure internet costumers by means of a web camera and simulate pictures of the person wearing pieces of clothing. Another example includes the possibility of printing out pictures of wrist watches so as to ensure that they fit[116]. It is possible that this kind of technology will be refined and replace size measures as the principal point of reference for online shoppers in the future. It is therefore important to ensure that investments in this field take technological changes into account.

Analysis of impacts

Figure 24 outlines a preliminary conceptual understanding of the impacts associated with EU actions to **encourage progress of the standardisation work to deliver a harmonised system that provides uniform information to consumers.**

Figure 24: Size labelling



The individual impacts are described in more detail in the sections below.

Public authorities

The main economic impacts on public authorities are the costs of:

- developing a size designation standard; and

[112] Forrester Research. 2011. *European Online Retail Forecast, 2010 to 2015*. The study covers 17 EU Member States.
[113] Conlumino. 2012. *Thriving in a multichannel world*. Report commissioned by WebLoyalty.
[114] No figures are available on the annual number of online purchases.
[115] See row F in Table 27 in this section.
[116] http://www.cartier.co.uk/guide-me/expertise-guide/sizing-guides/watches/measure-your-wrist

- informing the consumers.

Given the on-going work on size labelling, the cost of **developing a size designation standard** is likely to require considerably more resources than is the case for other policy options. According to an expert with experience of working on these issues within CEN, if developed within the European Committee for Standardisation (CEN), it would need at least another six Technical Committee meetings. However, given that the working group has already been in existence for over 15 years, this could be an optimistic estimate.

The cost of informing consumers will also be significantly more important for such a scheme to become successful. According to one stakeholder, it would take at least five years for consumers as well as retail personnel to learn and make use of the new system. For that reason, the figure of €12.2 million based on a previous campaign on beef labelling[117] might be a low estimate. So, in this case, it is assumed that a TV campaign comparable to the care campaign would be a more realistic estimate (€45m). It is important to note that some industry stakeholders are concerned that they will carry a lot of the cost of informing consumers. One could, however, imagine that, where economic operators see a benefit in such a scheme, they would be more willing to devote resources to informing consumers, relieving public authorities of some of the costs.

Industry

Main economic impacts on industry include:

- impact on online returns;
- costs of adapting labels; and
- impacts on prices and sales.

Calculating the impact on industry of a voluntary size label is challenging given that any benefits are dependent on the **level of take-up**. Although one consulted expert suggests about half of industry stakeholders would be likely to adopt a common size standard, in practice this process may be a complex one. If many economic operators choose to implement the label, other operators and consumers are likely to see the benefit of learning and adopting the new system. If the take-up is limited, the scheme would merely add further to the complexities of understanding different sizing systems in the EU. For that reason, it is important for a critical mass of producers and retailers to adopt a potential new common sizing system at the same time. This in turn suggests that large retail brands could play an important role in this process. It is therefore important to note that one European industry association consulted as part of the study believes that its members are not likely to adopt a voluntary label. On the other hand, an EU-wide retailer association noted that such a scheme could have a large effect even on a voluntary basis. This yields an inconclusive picture concerning the take-up of such a system. Based on the above evidence and the continued interest of the industry in the ISO and CEN work in the area, it is conceivable that a sufficient number of economic operators would use the system for other impacts to be generated. This study therefore takes 50% as an optimistic estimate. Uptake significantly lower than this could be counterproductive as it would add further complexity to the market for size labels.

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[117] EU Press Release. 2000. *Information campaign for the EU system of beef labelling*. Available at: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/00/244&format=HTML&aged=1&language=EN&guiLanguage=en

Key economic impacts associated with this option relate to **sales** of products, in particular in situations where size labels are of major importance. The consumer survey gives strong indications that a common label could increase cross-border and online sales. An important benefit from a standardised sizing system is the facilitation of online sales of clothing and textile products and the reduction in returns of items bought online. Table 27 provides an overall estimate of the **potential benefits in terms of reduced returns** of clothing and textile products bought online.

Table 27: Benefit of reduction in online returns

		Estimate	Data source	Assumption
A	Number of online clothing returns in the UK 2011 (units)	47.4m	Conlumino. 2012. *Thriving in a multichannel world*. Report commissioned by WebLoyalty	
B^{UK}	Percentage of citizens having shopped online in the last three months of 2011 (UK)	64%	Eurostat	This number is a good indicator of the propensity to shop for clothing and textile products in a country
C^{UK}	Population in 2011 (UK)	62 498 610	Eurostat	
D	Estimated average number of returns of clothing per person who shops online	1.185	A/(B*C)	It is assumed that this estimate can be extrapolated to the rest of the EU27
E	Individuals who have bought items online within the past three months of 2011 in EU27	169.6m	$(B^{Austria}*C^{Austria})+$ $(B^{Belgium}*C^{Belgium})+\ldots$ $+(B^{UK}*C^{UK})$	It is assumed that this estimate can be extrapolated to the rest of the EU27 when adjusted to population and frequency of internet purchases in each country
F	Estimated number of online clothing items returned in EU27 in 2011	200.1m	E*D	It is assumed that 'D' can be extrapolated to the rest of the EU27
G	Estimated average cost of return	€2.23	Conlumino. 2012. *Thriving in a multichannel world*. Report commissioned by WebLoyalty	Average cost estimated for the UK is assumed to be valid for all EU27
H	Level of take-up of voluntary scheme	50%	Expert estimate	Reduction in returns will only benefit businesses using the standardised size label.

Scenarios of savings on online returns				
I	Total cost for scenario 1 (5% reduction)	€11.2m	I=0.05*F*G*H	
J	Total cost for scenario 2 (10% reduction)	€22.4m	J=0.1*F*G*H	
K	Total cost for scenario 3 (30% reduction)	€67.1m	K=0.3*F*G*H	

These figures presuppose that the online clothing market will remain the same size in the future. A recent study suggests that online trade in Europe will grow by 10% year-on-year until 2015[118]. This means the impact could possibly be larger. Given that over 45% say that a standardised size system based on body measurements will make them more likely to buy online, this is a strong indication that this policy option could increase the market size of online sales.

As described in further detail in Section 6.2.1, **the costs of changing existing labels** can be inferred by looking at research concerning nutrition labelling. Table 28 summarises the cost of a size label. The cost has been estimated for an assumed uptake of 50%.

Table 28: Cost of adapting labels

		Estimate	Data source/calculation
A	Volume of sold production of clothing products (units)[119]	19.5bn	Eurostat 2011 figure[120]
B	Cost estimate of relabelling per product	€0.5	See Table 38 for calculation
C	Total cost estimate of relabelling	€4.9bn	A*B

Overall, size labels are likely to be more complex than origin labels, and one would expect costs to be higher. However, even this estimate indicates that the cost of implementing a standardised system could potentially be very high.

[118] Forrester Research. 2011. *European Online Retail Forecast, 2010 to 2015*.

[119] NB. This is different from the estimate used in the section on origin labelling. Although origin labelling is likely to apply to all final textile and clothing consumer products, size labels will most likely be limited to clothing (i.e. not for example parachutes and curtains).

[120] Eurostat. PRODCOM database. A representative selection of textile products were selected based on the publication 2009. *European business – Facts and figures: Textiles, clothing, leather and footwear* , table 10.4, p. 14. The following PRODCOM product codes have been included: 18.23.30.00, 18.23.23.00, 18.22.33.30, 18.22.34.70, 18.23.21.00, 18.22.22.10, 18.22.23.00, 18.22.34.80, 18.22.24.42, 18.22.35.49.

Summary of impacts

Table 29: Summary of impacts – size

Costs		Benefits	
Cost of development (one-off)	Technical standardisation committee meetings [not costed]	Impact on cross-border sales and online sales	Positive but not quantifiable [not costed]
Cost of three-year TV campaign (one-off)	€45m		
Cost of adapting labels (one-off)	€4.9bn		
Impact of an increase in prices to consumers	Ambiguous evidence [not costed]	Annual benefit of reduction in online returns	€11.2m– 67.1m
Cost of implementation such as measuring clothes (one-off)	Potentially very high [not costed]		
One-off cost	**€4.9bn + high cost of implementation**	**One-off benefit**	**None**
Annual cost	**Ambiguous evidence**	**Annual benefit**	**€11.1m–67.1m + potential increase in online sales**
Cost–benefit		**<u>This policy option is unlikely to be cost-beneficial</u>** **Over a five-year period, net cost would be €4.6bn–4.9bn.** **This cost is equivalent to a sustained increase in online sales of clothes of 4.4–4.7% in the same period (above 2015 predicted baseline[121])**	

[121] Forrester Research. 2011. *European Online Retail Forecast, 2010 to 2015*. The report estimates that total EU sales will reach €21bn/p.a. in 2015.
Hypothetical increase in EU online sales of clothing products in the same five-year period = cost over a five-year period/(total value of annual sales of textile and clothing products) € 21bn/5

Table 30: Distribution of impacts – size

Stakeholder group/type of impact	Costs	Benefits	Aggregate impact
Public authorities	Medium negative (–) Developing a size labelling system is likely to be costly and complex Informing consumers is particularly important and is likely to be as costly as for other options	N/A	Medium negative (–/–)
Industry	Low negative (–) The new system will have costs for the industry due to the voluntary nature of the scheme. The costs are, however, likely to be sizeable	Low to medium positive (+) Survey findings suggest consumers would be more likely to buy through mail-order catalogues and online Number of online returns is also likely to fall	Low positive (–/+)
Consumers	Low negative (–) Some savings could initially be offset by costs of the labelling system being passed on to consumers	Medium positive (+) Potential savings to consumers due to shopping through mail-order catalogues and online Evidence that consumers would be more confident when shopping	Low positive (+)
Aggregate impact			**Neutral**

6.2.4 Organic labelling

Baseline scenario

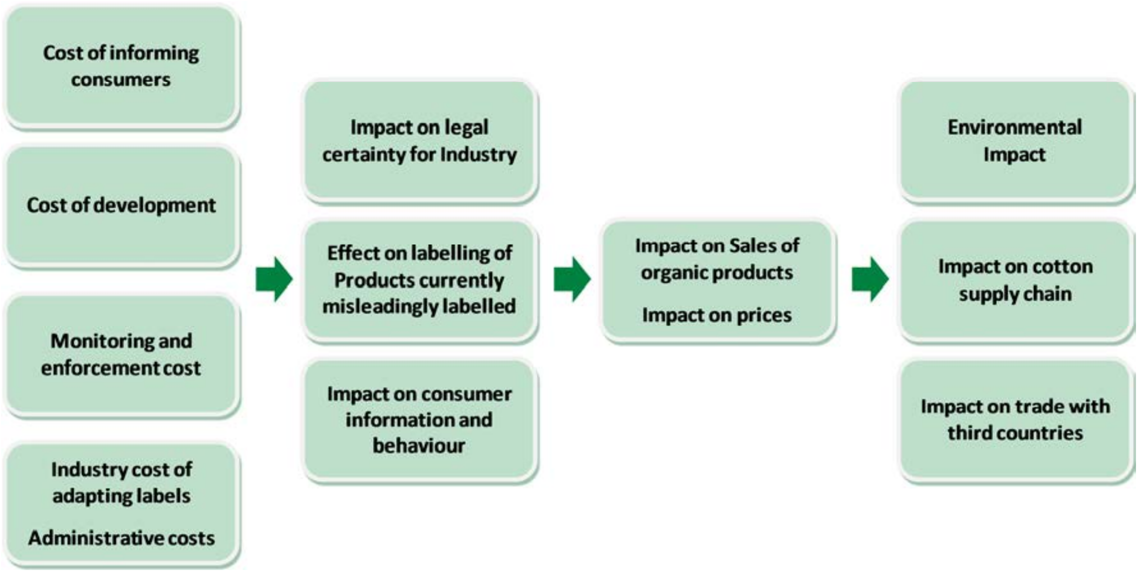
Globally, organic cotton production covers 325 000 ha, producing just over 151 000 megatons of fibre or 0.7% of global cotton production. It involves 219 000 farmers. Organic farmers and Fair Trade farmers have 15–40% higher incomes than their conventional counterparts. More than half (62%) of all Fair Trade products are also certified organic[122].

Detailed EU-wide data on the sales of organic textile products are not collected. However, taking the UK market for organic clothing and textile products as an indicator, the **EU organic market can be estimated to be worth approximately €883.8m[123].** Of this, only 20% is currently certified by GOTS. The industry has experienced annual average growth of 20% since 2006 despite falling demand due to the economic crisis.

Analysis of impacts

Figure 25 outlines a conceptual understanding of the impacts associated with **linking the use of the term 'organic' for natural fibres (e.g. cotton) to the Council Regulation (EC) No 834/2007 on organic production and labelling of organic products**.

Figure 25: Organic labelling –use of the term 'organic'



The following sections outline the main economic impacts on the different stakeholder groups.

Public authorities

The main economic impacts on public authorities are the costs of:

- development;
- informing the consumers; and
- monitoring and enforcement.

The main cost of development is **adapting the regulation and developing the necessary tools/instruments** to link the use of the term 'organic' in the case of cotton production with the

[122] Textile Exchange. 2012. *Farm and Fiber Report 2010–2011*.
[123] See calculation in Table 31. Source: Soil Association Market Report – 2012, Soil Association Organic Market Report 2012. See http://www.soilassociation.org/LinkClick.aspx?fileticket=5QS24GNSZTA%3d&tabid=116

existing Council Regulation (EC) No 834/2007 on organic production and labelling of organic products. The 2012 European Commission report notes the potential value in 'exploring the opportunities offered by the Union legislation to extend the protection of the use of the word "organic" to textiles and cosmetics'[124], which are currently beyond the scope of the Regulation. At the same time, it notes the debate about the risk of including products other than foodstuffs and stresses that it would require the Regulation to be 'fundamentally changed'. **On that basis, the revision of the existing regulation could constitute a significant cost**. Giving cost estimates of the revisions of legislation is inherently speculative, but the impact assessment of a Directive in a related field reached the following estimate of the cost of developing a new Regulation: €720 000[125]. However, it should be noted that an equivalence agreement between the European Union and the United States regarding organic standards entered into force on 1 July 2012[126]. It is thus possible that the recognition of organic textile and clothing products could happen by means of this agreement. On 20 May, the United States Department of Agriculture (USDA) released a Policy Memorandum explicitly confirming that textile products produced in accordance with GOTS may be sold as 'organic' in the US. **This could open up the opportunity for recognition by means of the equivalence agreement without the need for any, potentially costly, revision or development of legal instruments**.

The costs of **informing consumers** are likely to be lower than those outlined in the previous sections (estimated to be close to €12.2 million), as the option does not involve introducing a new labelling system, but rather regulates existing private schemes. Nevertheless, for the option to have an impact on enhancing consumer confidence and trust in labels, the new legal framework would need to be communicated to the consumer. However, the costs of doing so are likely to be lower than the €12.2 million figure used as a reference estimate in previous sections.

With regard to **monitoring**, CERTCOST (Economic Analysis of Certification Systems in Organic Food and Farming) published a study in 2011 indicating the average cost of certification and inspection in a selected sample of Member States[127] in 2008 to be €1 031 per farm and €2 173 per processor[128]. However, a recent large-scale fraud scandal in Italy has sparked a debate about developing new ways of certification (e.g. the introduction of a risk-based approach)[129]. GOTS certification costs vary according to the certification body. GOTS has approved 15 certification bodies worldwide. The cost of certification depends on the size and type of the business and the range of products processed traded with GOTS certification. Certification bodies will typically charge between €1200-3000 for certification of businesses with one facility. GOTS collects an annual license fee from certification bodies of €120 for each facility inspected. The cost estimates provided below are based on a GOTS certification body in the UK, which

[124] Report from the Commission to the European Parliament and the Council 2012*. On the application of Council Regulation (EC) No 834/2007 on organic production and labelling of organic products.* Brussels, 11.5.2012 COM(2012) 212 final.

[125] Commission Staff Working Document. 2008. *Accompanying document to the Proposal for a Directive of the European Parliament and of the Council on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products.* Impact Assessment. {COM(2008) 778 final} {SEC(2008) 2863}.

[126] http://ec.europa.eu/agriculture/organic/files/news/press-releases/IP-12-138_EN.pdf

[127] Italy, Denmark, Germany, United Kingdom and Czech Republic.

[128] CERTICOST. 2012. *Economic analysis of certification systems in organic food and farming: synthesis report of results D 23.* Available at: http://www.certcost.org/Lib/CERTCOST/Deliverable/D23.pdf

[129] IFAOM. 2012. *European Organic Regulations (EC) No 834/2007, 889/2008 and 1235/2008. An Evaluation of the First Three Years Looking for Further Development*. Available at: http://www.ifoam.org/about_ifoam/around_world/eu_group-new/positions/publications/regulation/IFOAMEU_regulation_dossier_2012_EN_heavy.pdf

charges a flat administration fee and then a turnover-based fee of 0.03–0.3% (sliding scale)[130]. According to Regulation 834/007, operators have to notify the competent authority of their activities, submit themselves to the control systems and pay a reasonable fee contributing to the costs of the controls (Article 28.1 and 4). In short, effective and credible monitoring is costly. In some countries, such as Italy and Denmark, certification and inspection is subsidised, in which case the state carries part of the cost. When the economic operator pays, only businesses for which certification will be profitable will choose to apply for certification. **Taking the fee for GOTS as an example, the total cost could be estimated to be between €2.1m and €0.2m**. This number is based on the estimated market value of organic textiles in Europe: €887.1m. Some 80% of the market is expected to incur this cost (as the remaining 20% are already paying the fee to GOTS)**.** Although this cost covers the monitoring, it still does not ensure **enforcement against fraudulent use of the term 'organic'.** As with previous policy options, the benchmark from energy labelling is used. But given that monitoring is managed in a private framework, it is assumed to be equivalent to half the estimated cost (€337 500–6.75m).

Industry

The economic impact on industry is likely to include:

- costs of adapting labels inconsistent with the Regulation;
- other administrative costs;
- impacts on prices and sales of organic products; and
- economic impact stemming from changes in the cotton supply chain.

The cost of **adapting labels** will only be incurred by economic operators that currently use labelling that is not consistent with the Regulation (EC) No 834/2007. Operators willing to introduce new labelling compatible with the new legal framework will also bear costs, although, given that labelling textile products as being produced from organic cotton is voluntary, they would also be the operators likely to benefit from the label. Some operators falsely claiming their products to be organic will be forced to remove labels. Table 31 provides an estimate of the costs.

Table 31: Cost of relabelling organic products and potential increase in sales

		Estimate	Data source	Assumption
A	Estimate of current value of UK organic clothing and textile products 2011	€110 000 000	Report of the Soil Association[131]	
B	UK population as a ratio of EU27 population	8	Eurostat 2011	
C	Current value of European organic market	€883.8m	C=A*B	Penetration of organic textiles is the same across the EU27
D	Annual household consumption of	€80.9bn	Eurostat (ProdCom) See Table 35, Annex 4 for included product	

[130] The costs for certification used to estimate "Annual administrative cost and cost of monitoring and enforcement" are based on the charging structure of the Soil Association Certification Ltd. The cost charged by the Soil Association Certification Ltd. is, however, deemed, by GOTS representative interviewed for this study, to be above the average certification cost of GOTS certifying bodies.

[131] Soil Association Market Report – 2012, Soil Association Organic Market Report 2012. See http://www.soilassociation.org/LinkClick.aspx?fileticket=5QS24GNSZTA%3d&tabid=116

	textile and clothing products in EU27		categories	
E	Market for organic cotton in proportion to market for textile and clothing products	1.1%	B/A	
F	Volume of sold production of apparel and textile products (units)	24.1bn	Eurostat Prodcom 2011	
G	Volume of sold production of organic cotton products (units)	131.6m	C*D/2	It is assumed that the proportion of sales in terms of value is two times higher than the proportion of sales in terms of volume. This is due to organic products generally being significantly more expensive than the average textile or clothing product
H	Number of marketed products currently uncertified	80%	Report of the Soil Association[132]	The figure for the UK market can be extrapolated to the EU27
I	Cost of relabelling	€0.5	See Table 21 for calculation	
Costs of relabelling the products that are currently mislabelled				
J	Total cost of relabelling assuming full compliance	€52.6m	G*H*I	
Scenarios of increases in industry turnover resulting from higher sales or prices of organic textile and clothing products				
K	Total cost for scenario 1 (15% long-term growth in addition to baseline)	€132.6m	C*0.15	
L	Total cost for scenario 2 (10% long-term growth in addition to baseline)	€88.4m	C*0.1	
M	Total cost for scenario 3 (1% long-term growth in addition to baseline)	€8.8m	C*0.01	

The **administrative and compliance** costs involved with certification and inspection are outlined in the section on monitoring and enforcement above. The distribution of the cost between public authorities and economic operators is largely decided by the individual Member

[132] Soil Association Market Report – 2012, Soil Association Organic Market Report 2012. See http://www.soilassociation.org/LinkClick.aspx?fileticket=5QS24GNSZTA%3d&tabid=116

State. Regarding **take-up**, GOTS licensees are up from 27 just five years ago to 2 750 across five continents. Official recognition could contribute further to the increasing take-up[133]. In terms of potential **simplification**, linking the use of the term 'organic' to an existing regulation is likely to clarify the EU-wide labelling regime in this field. However, few concerns were raised by industry stakeholders regarding any uncertainty in the area. This in turn suggests that the impact is not likely to be substantial.

The final economic impact is the impact on the cotton **supply chain** and, as an extension, on **trade with third countries**. The information above suggests that there is limited evidence that linking the term 'organic' to the regulation will have a substantial absolute impact in terms of sales and prices of products made from organic cotton. Potential impact may stem from producers of organic cotton needing to adjust their methods to be in line with the changed organic label. This impact is difficult to estimate, as it is not clear what the changes would be. However, if any adaptation were to have a cost, this cost would be offset by the expected benefit the producer or retailer expects to derive from labelling the product as organic, given that such labelling is purely voluntary. Any trade impacts will in turn be dependent on these supply chain changes and are therefore even more difficult to estimate. Nevertheless, any changes are likely to be small in absolute terms and are not likely to have a substantial impact on the supply of and trade in organic products.

Other impacts

There is evidence that organic cotton (as defined under existing schemes such as GOTS) has lower **environmental impact** than cotton produced by other methods. Existing research shows that organic cotton products use 5–10% less energy, whereas persistent toxicity is reduced by 85% and eco-toxicity by 95%[134]. The environmental impact will largely depend on whether the policy option can lead to a shift in production towards organic cotton and, additionally, what kind of fabrics will be substituted for cotton. It is likely that there will be a positive environmental impact, but the magnitude cannot be assessed on the basis of existing data.

[133] Soil Association. 2011. *Textiles – an update from the organic market report 2011.* Available at: http://www.soilassociation.org/LinkClick.aspx?fileticket=vP8iTdv4xUI%3d&tabid=1332

[134] JRC-IPTS. 2012. *Revision of the European Ecolabel and Green Public Procurement Criteria for Textile Products – Preliminary Report* (Draft) Working Document for 1st AHWG meeting for the revision of the Ecolabel criteria for textile products, February 2012.

Summary of impacts

Table 32: Summary of impacts – organic

Costs		Benefits	
Cost of development	€0.7m–0[135]	Environmental impact	Positive but not quantifiable [not costed]
Cost of informing consumers (one-off)	€12.2m	Benefit of simplified rules	No evidence of an impact
Annual administrative cost and cost of monitoring and enforcement	€8.9m–0.6m	Impact on supply chain of cotton and third countries	No evidence of an impact
Industry cost of adapting labels (one-off)	€52.6m	Hypothetical increase in sales resulting from increased consumer confidence	Positive but not quantifiable [not costed]
Cost of increasing consumer prices	Ambiguous evidence [not costed]		
One-off cost	**€64.8–65.6m**	**One-off benefit**	**N/A**
Annual cost	**€0.5m–8.9m**	**Annual benefit**	**Hypothetical increase in sales + environmental effect**
Cost–benefit		**<u>Unable to quantify benefits</u>** **Over a five-year period, cost would amount to €68.3m–109.9m** **This cost is equivalent to a sustained increase in sales of organic textiles and clothing of 1.5–2.5% in the same five year-period (2011 estimated baseline)[136]**	

[135] A standard already exists. It has been recognised by the United States Department of Agriculture, and it could be recognised through the existing equivalence agreement on organic produce with the United States.

[136] Hypothetical equivalent increase in EU sales of organic textile and clothing products in the same five-year period = cost over a five-year period/(total value of annual sales of organic textile and clothing products) 883.7/5 years

Table 33: Distribution of impacts – organic

Stakeholder group/type of impact	Costs	Benefits	Aggregate impact
Public authorities	Low to medium negative (–) Revising the regulation can be costly but doesn't have to be Informing consumers is costly Cost of enforcement	N/A	Low to medium negative (–)
Industry	Low negative (–) Voluntary nature of labels means that costs of adapting labels are limited Cost to businesses currently mislabelling Cost of paying for a licence (monitoring)	Low to medium positive (+) Evidence of positive impact on prices and sales of organic products but, in absolute terms, the changes are likely to be small	Low positive (+)
Consumers	Neutral (+/–) Limited evidence of costs being passed on to consumers	Low to medium positive (+) Fewer misleading labels	Low to medium positive (+)
Environmental impact	Neutral to low positive (+) Unclear what environmental impact as it depends on the kind of products consumers shift from	N/A	Neutral to low positive (+/–)
Aggregate impact			**Low positive (+/–)**

6.2.5 Unsubstantiated environmental claims

Baseline scenario

There are no reliable data about the size of the market for unsubstantiated environmental claims. For the purposes of this study, the market size is estimated to equal that of organic cotton (€887.1m) in annual turnover.

The area of unsubstantiated environmental claims already receives a certain amount of attention from the European Commission. The first set of **Guidelines to the Unfair Commercial Practices Directive** was issued in 2009 and included a detailed chapter on environmental claims[137]. However, the issue is still perceived as unresolved among industry stakeholders consulted in this study. The consumer ombudsman of Denmark (a country with national guidelines and effective implementation in the eyes of some industry stakeholders) also sees more work to be done (e.g. elaboration of national-level guidance documents)[138]. The Unfair Commercial Practices Directive is due to undergo a review and, for this purpose, a roadmap was prepared by Unit A3 in DG Justice in June 2011. It stressed that a potential revision may 'better address specific issues such as financial services, **environmental claims** [...]'[139], indicating that there is awareness about the problems in this area. No estimates exist of the market for unsubstantiated claims but, according to the stakeholders consulted in this study, they constitute a problem.

With regard to **standardisation work within the CEN**, a working group already exists in the field (CEN/TC 248/WG 32: *Use of the terms organic and other environmental marketing terms in the labelling of textiles and textile products*). The option suggested here thus focuses on supporting the on-going process.

Impact analysis

Figure 26 outlines a preliminary conceptual understanding of the impacts associated with two similar ways of **providing guidance on tackling unsubstantiated environmental claims**:

1. **using the Unfair Commercial Practices Directive based on existing good practices; and**
2. **encouraging standardisation work within CEN.**

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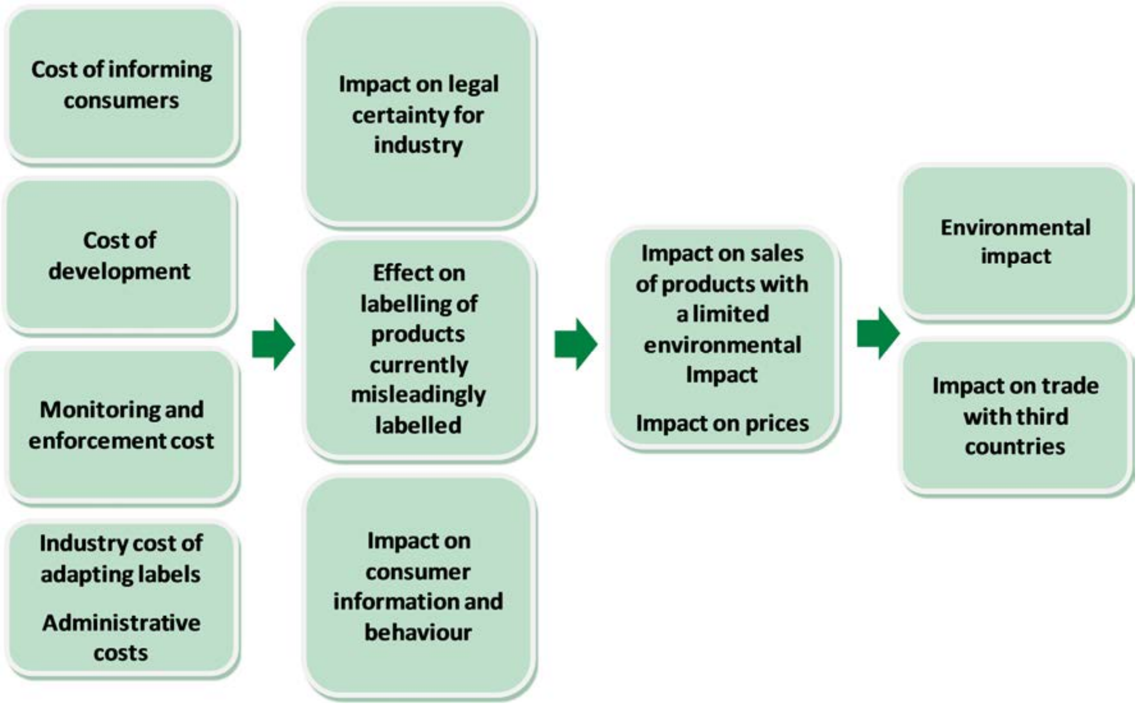
[137] *Brussels, 3 December 2009 SEC(2009) 1666 Commission Staff Working Document Guidance on the implementation/application of directive 2005/29/EC on unfair commercial practices.*

[138] Øe, Henrik, Danish Consumer Ombudsman. *Addressing Misleading Environmental Marketing: the Danish Experience and the Way Forward*, Presented at European Consumer Summit in Brussels on 29 May 2012. Available at: http://ec.europa.eu/consumers/events/ecs_2012/consumer_summit_presentations_pdf/1_plenary_session/4%20-%20Greenwashing%20workshop%20presentation%20-%20Henrik%20Saugmandsgaard%20Oe.pdf

[139] Environmental claims not in bold in original text: Roadmap. 2011 *Possible legislative revision of Directive 2005/29/EC on unfair commercial practices subject to the outcome of the consultation process*. Available at: http://ec.europa.eu/governance/impact/planned_ia/docs/2012_just_024_unfair_commercial_practices_directive_en.pdf

Figure 26: Unsubstantiated environmental claims



The two options are treated in the same section as all impacts apart from the cost of development and associated monitoring and enforcement are identical.

The individual impacts on the different stakeholder groups are described in more detail in the sections below.

Public authorities

The main economic impacts on public authorities are the costs of:

- developing European standards or further guidance;
- informing consumers and producers; and
- monitoring and enforcement.

Developing further guidance or a CEN standard is generally likely to be less costly than developing or modifying a regulation, especially given that the legislative framework to which the guidance refers is already in place.

Guidance document: An analysis of the use of the existing guidance document would be needed. This would include experiences from best practice countries where national guidance documents exist[140]. As information on the current state of play of the implementation of the Unfair Commercial Practices Directive is already being collected, this cost is likely to be limited.
CEN Standard: According to an expert involved in the work of CEN, the Technical Committee (TC) has worked on this issue for over five years, with a recent decision being to develop a guidance rather than a standard. According to the expert, the estimated time required to develop such a guidance, if the technical committee is successful, would be at least two years.

[140] For example Denmark, see: http://www.consumerombudsman.dk/Regulatory-framework/dcoguides/Environmental-and-ethical-marketing; and the United Kingdom, see: http://www.defra.gov.uk/publications/files/pb13453-green-claims-guidance.pdf

Therefore, **this potentially makes development of guidelines within CEN lengthier than in the case of EU guidelines linked to the UCP Directive**.

As no new labelling is introduced under this policy option, **informing consumers** is not a crucial aspect of the policy option. Nevertheles, the option would most likely need to involve individual authorities in Member States providing information to consumers (as well as industry) on how the guidance is implemented nationally. Overall, however, the costs of doing so are likely to be lower than those outlined for other options. An estimate could be €6 100 000, which is half the cost estimate for the origin labelling. It is important to mention that this cost could be carried by the industry to a large extent.

Similarly, additional costs of **monitoring and enforcement** are likely to occur, as it appears that the problem is exactly insufficient enforcement of existing rules. As for monitoring, national implementation schemes largely rely on market operators and consumer organisations to report breaches of the Directive. Weaknesses have been identified with regard to the European Energy label in a study commissioned by ANEC (European consumer voice in standardisation) and the UK Department for Environment, Food and Rural Affairs[141]. This indicates that best practices in the area of enforcement should be collated in addition to a set of guidelines concerning the application of the UCP in the field of environmental claims. There are no data available on the average cost across the EU27 of enforcement of the Directive. However, the upper estimate of the cost of enforcing the energy label (€13 500 000) can be seen as indicative. In the case of an industry standard, enforcement would largely be up to businesses. In the case of the development of existing guidelines, public authorities would carry a large part of the cost.

Industry

The main economic impacts for the industry are likely to be the following:

- costs of adapting environmental labels to comply with improved control of unsubstantiated claims;
- impacts on prices and sales of products with environmental labels; and
- broader trade impacts.

The **administrative costs and the cost of adapting labels** will fall on producers and retailers currently using labels containing unsubstantiated environmental claims. Data on the number of unsubstantiated claims are not available, as the current lack of control and monitoring in the field leaves the majority of products with misleading descriptions undetected. Assuming effective use of the guidance, this option should have an impact on a wide range of ISO type II labels used by producers and retailers. The stakeholder consultation undertaken at an earlier point in the study suggested that 'greenwash' could be a problem. Assuming that a set of guidelines will be fully effective in eliminating products with misleading labels and assuming that approximately 50% of the current market for environmentally friendly products would be classified without sufficient substantiation, the total cost of relabelling could be estimated at a total of €33m (one-off).

[141] Viegand & Maagøe. 2007. *A review of the range of activity throughout Member States related to compliance with the EU Energy Label regulations in those countries*. p. 3.

Table 34: Unsubstantiated environmental claims – cost of relabelling

		Estimate	Data source
A	Volume of sold production of environmentally friendly clothing and textile products (units)	131.6m	Assumed to be similar to the number of organically labelled products (see Table 31 for calculation)
B	Proportion of products with unsubstantiated claims of all clothing and textile products marketed as environmentally friendly	50%	Assumption No data available
C	Cost of relabelling per product unit	€0.5	See Table 21 for calculation
D	Cost of relabelling	€33m	A*B*C

The impact on **prices and sales** of products with environmental labels will depend on:

- whether improved control of unsubstantiated claims will allow producers and retailers of products with lower environmental impact to charge higher prices;
- whether consumers currently purchasing products carrying labels with unsubstantiated environmental claims will change their purchasing habits as a result of better control of unsubstantiated claims; and
- whether improved control of unsubstantiated claims is likely to increase the size of the market for products with environmental labels.

In terms of prices, this will depend on how effective the implementation of the UCP guidance will be in eliminating unsubstantiated claims and hence raising the value and profile of the remaining labels. Assuming that the option were to be effective in reducing the number of misleading claims, one could also expect a substitution effect to occur, where consumers who do take labels into account and who show preference for products with a low environmental impact would switch away from the products that would lose their label as a consequence of the policy option towards products whose environmental claims are substantiated. This could see consumers becoming more likely to purchase products with more established and credible labels (such as for instance the European Ecolabel). There is no authoritiative data on the size of the market for environmentally friendly textile and clothing products**. A conservative estimate would be that the market for environmentally friendly clothing and textile products is comparable to the size of the market for organic cotton: €883.8m.**

With regard to the size of the market for products with environmental labels, currently, a majority of consumers (52%) take environmental labels into account 'sometimes', whereas 28% never take such labels into account. However, the main reason for not always taking such labels into account is not the lack of trust and understanding, which the option could potentially address, but rather not encountering products with such labels. Given that the option would most likely not lead to a substantial increase in the number of labels on the market (in fact, it could have an opposite impact), it is unlikely that, beyond the 21% of respondents who do not trust labels, many more consumers would take such labels into account and make their purchasing decisions based on them. There is little to suggest that this effect would be sufficiently large to generate any substantial impacts in terms of **trade with third countries**. In terms of **simplification**, the policy option could contribute to consolidating the EU environmental labelling landscape by restricting the use of misleading ISO type II labels. Several stakeholders consulted in this study argue that some Member States effectively target misleading claims by means of the UCP (e.g. Denmark and the UK).

Other impacts

The environmental impact will be largely dependent on whether the policy option would result in a shift in production and consumption towards products with a lower environmental impact. When looking at the main reasons for not using environmental labels, 'lack of trust' comes in fourth and applies to fewer than 30% of consumers, indicating a higher interest in clothing and textile products with low environmental impact. With some unsubstantiated labels no longer in place, some consumers may switch from these products to products whose reduced environmental impact is based on scientific evidence. The most frequently mentioned reason for not taking environmental labels into account is that consumers do not encounter them (63%). As this is a problem that this policy option does not address, the expected effect is limited.

Summary of impacts

Table 35: Summary of impacts – unsubstantiated environmental claims

Costs		Benefits	
Cost of development	UCP 1 year CEN 3 years [not costed]	Environmental impact	Positive but not quantifiable [not costed]
Cost of informing consumers (one-off)	€6.1m	Simplified rules	Some evidence of an impact [not costed]
Annual cost monitoring and enforcement	€0.68m–13.5m	Trade with third countries	No evidence of an impact
Industry cost of adapting labels (one-off)	€33m	Impact on sales of environmentally friendly products	Positive but not quantifiable [not costed]
		Benefit to consumers	Positive but not quantifiable [not costed]
One-off cost	**€39m 1–3 years for development**	**One-off benefit**	**Positive impact on sales of environmentally friendly products [not costed]**
Annual cost	**€0.68m–13.5m**	**Annual benefit**	**Evidence of environmental impact; benefit to consumers; benefit to businesses of simplified rules**
Cost–benefit		**<u>Unable to quantify benefits</u> Over a five-year period, cost would be €42.4m–106.5m[142] This cost is equivalent to a sustained increase in sales of environmentally friendly textile and clothing products of 1–2.4% in the same five-year period (2011 estimated baseline[143])**	

[142] Cost over a five-year period = total one-off cost + (total annual cost*5)

[143] Hypothetical equivalent increase in EU sales of environmentally friendly textile and clothing products in the same five-year period = cost over a five-year period/(total value of annual sales of environmentally friendly textile and clothing products) €883.7m/5 years

Table 36: Distribution of impacts – unsubstantiated environmental claims

Stakeholder group/type of impact	Costs	Benefits	Aggregate impacts
Public authorities	Medium negative (–) • Developing a guidance is not likely to be as costly • A CEN standard could be costly • Informing consumers is less important than for other options • Monitoring and enforcement is likely to be expensive	N/A	**UCP option** Low to medium negative (–/+) **CEN option** Medium negative (–)
Industry	Medium negative (–) Assuming a large proportion of industry is labelling in a misleading way, the potential cost of relabelling will also be significant	Medium to high positive (+) • Potential benefit from a restricted prevalence of ISO type II labels • Evidence of some limited positive impact on prices and sales of products with environmental labels	Low positive (+/–)
Consumers	Neutral (+/–) Limited evidence of costs being passed on to consumers	Medium positive (+) Fewer misleading labels	Medium positive (+)
Environment	N/A	Low positive (+/–) Limited impact on the market for products with low environmental impact; however, the cumulative environmental benefit could be important	Low positive (+/–)
Aggregate impact			**Low positive (+/–)**

6.2.6 Unsubstantiated social claims

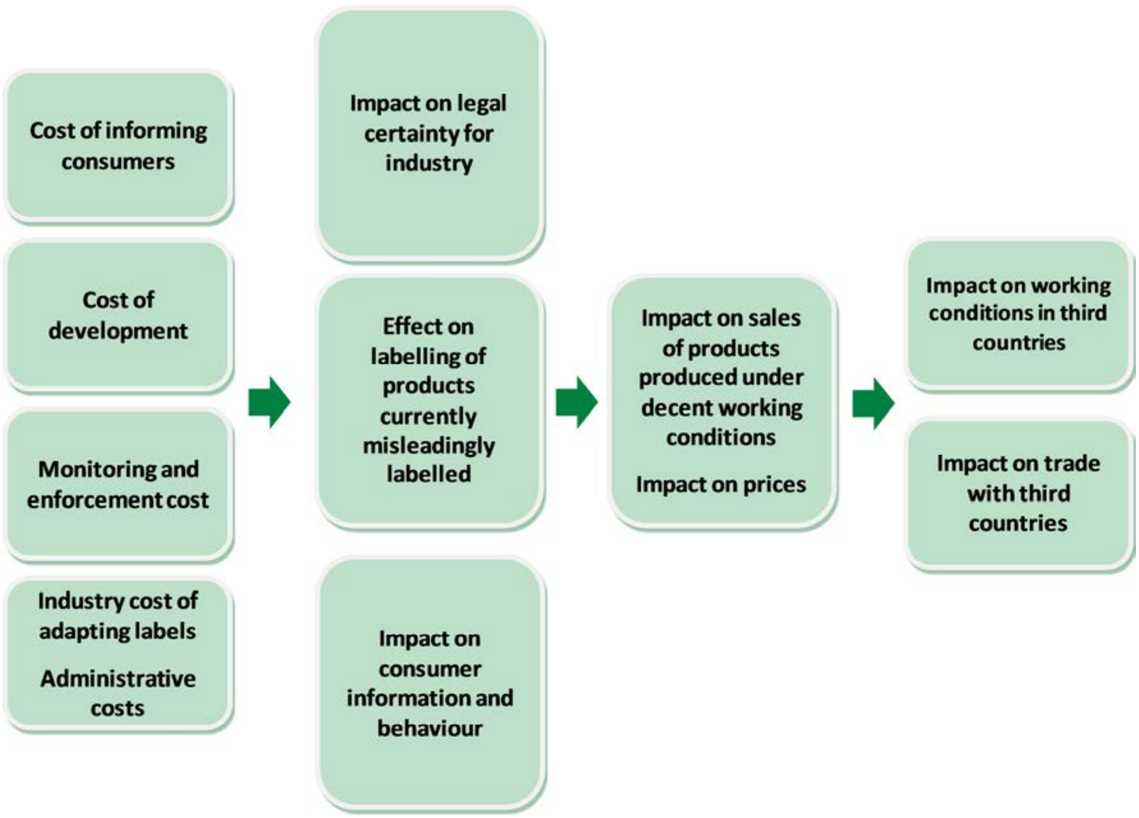
Baseline scenario

There are very little data to inform the baseline for the current situation of social claims. According to the consulted stakeholders, it is less widespread than environmental claims. For the purposes of this study, an estimate of 10% of the market for environmental claims is used as reference point: €88.7m.

Analysis of impacts

Figure 27 outlines a preliminary conceptual understanding of the impacts associated with **providing guidance on tackling unsubstantiated social claims using the Unfair Commercial Practices Directive based on existing good practices in addition to one on environmental claims**.

Figure 27: Unsubstantiated social claims



This policy option should be seen as a possible supplement to the above policy option regarding using the Unfair Commercial Practices Directive regarding environmental claims. The cost of informing consumers and producers will not increase substantially by including social claims in a campaign. Already in some Member States, the implementation of the UCP refers to environmental and ethical claims together[144]. Also, in the case of monitoring and enforcement, additional costs will not increase radically if social claims are tackled alongside environmental claims. Consequently, this study assumes that these costs constitute approximately 10% of the cost indicated for environmental claims. This is the case for:

[144] See for example Denmark: http://www.consumerombudsman.dk/Regulatory-framework/dcoguides/Environmental-and-ethical-marketing

- monitoring and enforcement; and
- costs of adapting social labels to comply wiith improved control of unsubstantiated claims.

The remaining impacts include:

- developing the guidance;
- impact on prices and sales;
- improved information to consumers; and
- trade with third world countries.

As was the case for the policy option focusing on controlling environmental claims using the UCP, the costs of developing guidance could potentially be more costly as this is not specifically included in the current guidance. However, no estimates of this cost are available. A conservative estimate of the time needed to develop a set of guidelines on ethical claims would be three years. This matches the time estimated for a standard on environmental claims to completed within the CEN.

In terms of **consumer benefit of improved labelling**, the results of the consumer survey show that most consumers have a preference for products that have been produced under adequate and fair working conditions, and 41% are willing to pay a higher price for such products. The remaining 43% of consumers do prefer such products, but are not willing to pay more. If labelling containing unsubstantiated social claims were to be removed from selected garments, one could expect some consumers to switch to products with a label. However, the consumer survey suggests that consumers rarely take social labels into account when shopping (40% of consumers never take them into account, and 36% do so sometimes), suggesting that such a substitution effect is likely to be limited.

With regard to sales, the consumer survey shows that, although consumers seem to have a preference for garments that have been produced under adequate social conditions, few of them take such labels into account when shopping, with the main reason being the fact that they do not encounter or look at such labels (potentially reflecting the fact that these labels are still rare). Not trusting labels is the third most commonly cited reason (chosen by 15% of respondents), and one could expect that the policy option could have an effect in making these consumers more willing to base their purchasing decisions on social labelling and hence lead to higher sales. At the same time, the policy option is not likely to make such labels more prevalent, meaning that any positive change in the size of the market for products with (substantiated) social labels is likely to be small. On that basis, three scenarios have been modelled (1%, 10% and 15% increase).

Table 37: Scenarios for change in market size – social labelling

		Estimate	Data source	Assumption
A	Estimate of current value of European market for textile and clothing products produced under adequate labour conditions	€88.4m	See calculation in section on environmental claims	Being significantly smaller than the market for environmental claims, this study makes the assumption that it constitutes 10% of that market
Scenarios of increases in sales of organic textile and clothing products				
B	Total cost for scenario 1 (15% long-term growth in addition to baseline)	€13.3m	A*0.15	
C	Total cost for scenario 2 (10% long-term growth in addition to baseline)	€8.8m	A*0.1	
D	Total cost for scenario 3 (1% long-term growth in addition to baseline)	€0.9m	A*0.01	

Given the small starting point of the market and the limited scope for growth, any impact on **trade with third countries** is likely to be limited.

Impact on working conditions

The impact on working conditions can materialise in as far as there is a substantial shift towards more socially responsible textile production as a result of the policy option. The evidence collected suggests that this is unlikely to be the case. Despite some demand from the point of view of consumers, social labels appear to be rare, and improved control of unsubstantiated claims is unlikely to significantly increase the market size for garments bearing such labels. This is not to say that social labels do not have impact on, for instance, the prevalence of child labour and welfare in third countries. Existing studies, such as those by Chakrabarty and Grote (2007)[145] and Hilowitz (1997)[146], note that social labelling schemes can have a positive impact. However, the consumer evidence suggests that this policy option is likely to have limited impact on the use of such schemes.

[145] Chakrabarty, S and Grote, U 2007. Impact of Social Labeling on Child Labor in the Indian Carpet Industry. *Diskussionspapiere des Fachbereichs Wirtschaftswissenschaften*, Universität Hannover, No. 366.
[146] Hilowitz, Janet. 1997. "Social labelling to combat child labour: Some considerations". *International Labour Review*. Vol. 136 (1997), No. 2 (summer)

Summary of impacts

Table 38: Summary of impacts – unsubstantiated social claims

<table>
<tr><th colspan="2">Costs</th><th colspan="2">Benefits</th></tr>
<tr><td>Cost of development</td><td>Three years [not costed]</td><td>Social impact</td><td>Positive but not quantifiable [not costed]</td></tr>
<tr><td>Cost of informing consumers (one-off)</td><td>€0.6m[147]</td><td>Benefit of simplified rules</td><td>Some evidence of an impact [not costed]</td></tr>
<tr><td>Annual cost monitoring and enforcement</td><td>€1.4m–68.000</td><td>Trade with third countries</td><td>No evidence of an impact</td></tr>
<tr><td rowspan="2">Industry cost of adapting labels (one-off)</td><td rowspan="2">€3.3m</td><td>Impact on sales of products produced under fair working conditions</td><td>Positive but not quantifiable [not costed]</td></tr>
<tr><td>Benefit to consumers</td><td>Positive but not quantifiable [not costed]</td></tr>
<tr><td>One-off cost</td><td>€3.9m
Three years for development</td><td>One-off benefit</td><td>N/A</td></tr>
<tr><td>Annual cost</td><td>€68 000–1.4m</td><td>Annual benefit</td><td>Evidence of limited benefit to consumers and increase in sales for businesses
Little evidence of social impact</td></tr>
<tr><td colspan="2">Cost–benefit</td><td colspan="2"><u>Unable to quantify benefits</u>
Over a five-year period, cost would be €4.2m–10.7m[148]

This cost is equivalent to a sustained increase in sales of textile and clothing products produced under fair working conditions of 1–2.4%[149] in the same five-year period (2011 estimated baseline)</td></tr>
</table>

[147] This cost is limited as a consumer information campaign would be in addition to a campaign about the tackling of unsubstantiated environmental claims.

[148] Cost over a five-year period = total one-off cost + (total annual cost*5)

[149] Hypothetical equivalent increase in EU sales of textile and clothing products produced under decent working conditions in the same five-year period = cost over a five-year period/(total value of annual sales of textile and clothing products produced under decent working conditions) €88.4m/5 years.

Table 39: Distribution of impacts – unsubstantiated social claims

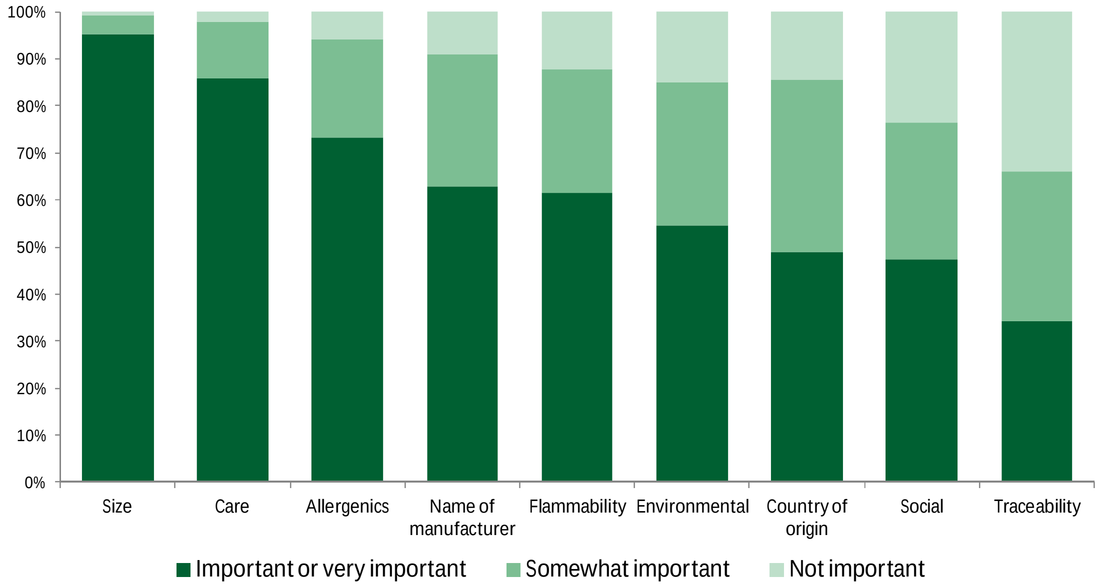
Stakeholder group/type of impact	Costs	Benefits	Aggregate impact
Public authorities	Low negative (+/–) Developing guidance is expected to be more costly than for environmental claims but not significant. Informing consumers will not be expensive if done in conjunction with guidance for an environmental label	N/A	Low negative (+)
Industry	Neutral/low negative (+/–) Voluntary nature of labels means that costs of adapting labels are limited Assuming a large proportion of industry is labelling in a misleading way, the potential cost of relabelling will also be significant	Neutral/low positive (+/–) Limited impact on the market for products with reduced social impact suggests that the overall increase in sales could be limited	Neutral (+/–)
Consumers	Neutral (+/–) Limited evidence of costs being passed on to consumers	Neutral to low positive (+/–) Evidence of willingness to pay for products produced under fair working conditions Few consumers base their purchasing decisions on social labels	Neutral to low positive (+/–)
Working conditions	N/A	Neutral/low positive (–/+) Lack of availability of labels make significant effect unlikely	Neutral to low positive (–/+)
Aggregate impact			**Neutral (–/+)**

7.0 Comparison of options

The previous section provided an overview of the potential impacts of different policy directions, based on the problem definition part of the study. Although the term 'policy options' was used in the assessment, these options were formulated in a broad manner, meaning that the assessment provided indications as to the desirability of individual options based on potential impacts, rather than a detailed impact assessment,

The assessment drew in part on the findings from a consumer survey and in part on secondary sources with regard to impacts on industry, public authorities and the environment. It is important to note that, in many areas, consumers expressed preferences for particular products, as well as noted their willingness to pay higher prices for these products (i.e. products with particular country of origin or limited environmental impact). At the same time, as Figure 28 shows, these issues are not necessarily considered to be crucial information to be provided on labels. Therefore, it is important to be cautious when interpreting consumer responses regarding preference for certain products and willingness to pay for them.

Figure 28: Most important information on labels



The options generally appear to have limited impacts. The above analysis suggests that action in the area of raising awareness around care for clothes could have a positive overall impact. Controlling unsubstantiated environmental and social claims and reviewing the use of the term 'organic' could also potentially have a positive impact, although the evidence around the benefits was inconclusive.

These options would need to be further developed for a more comprehensive impact assessment to be conducted. Nevertheless, the above impact analysis suggests they are the policy directions that could be pursued further.

In more contentious areas, such as country of origin, additional work is likely to be needed to develop consensus among a wide range of industry stakeholders with contrasting preferences and to better understand the impacts on these different groups. The analysis of this study reaches the conclusion that costs are likely to be high even for a voluntary label. Evidence around benefits is inconclusive. Given the level of risk in terms of international trade, more evidence is needed to provide a rationale for action.

The introduction of a standardised size label seems not be cost-beneficial. For a substantial part of the industry to take up a common standard, costs are likely to be very high and benefits appear uncertain.

Table 40: Comparison of policy options

Policy option	Desirability	Feasibility	Cost–benefit
Country of origin labelling – voluntary origin labelling system	**Neutral**	**Neutral**	**Unable to quantify benefits**
Care labelling – awareness-raising campaign	**Medium positive**	**High positive**	**High positive**
Size labelling – encouraging progress in the standardisation work to deliver a harmonised system that provides uniform information to consumers	**Neutral**	**Medium negative**	**Neutral**
Organic labelling - linking the use of the term ‘organic’ for natural fibres (e.g. cotton) to the Council Regulation (EC) No 834/2007	**Low positive**	**High positive**	**Unable to quantify benefits**
Unsubstantiated environmental claims – tackling unsubstantiated social claims using the Unfair Commercial Practices Directive based on existing good practices	**Low positive**	**Medium positive**	**Unable to quantify benefits**
Environmental labelling – encouraging standardisation work within CEN	**Low positive**	**Medium positive**	**Unable to quantify benefits**
Unsubstantiated social claims – tackling unsubstantiated social claims using the Unfair Commercial Practices Directive based on existing good practices	**Neutral**	**Medium positive**	**Unable to quantify benefits**

8.0 Summary conclusions

The overview of stakeholder perceptions concerning different forms of textile labelling yielded a varied picture. There is little agreement as to whether certain areas are problematic and whether potential EU action in the area is feasible and/or desirable. The resulting policy options took these findings into account.

A range of potential policy directions have been set out in the domains of care, organic and unsubstantiated environmental and social claims. These options reflect the complexities of the issues and are based around potential schemes for voluntary labelling, awareness raising and tackling misleading claims.

The overview of potential impacts suggested that action in the area of care could be cost-beneficial. Tackling misleading claims could also have a modest overall positive impact, although evidence concerning benefits was inconclusive. This is also the case for regulating the use of the word ‘organic’ in the field of textile and clothing products. A policy to harmonise size labels was found to carry significant costs and uncertain benefits. In more contentious areas, such as country of origin, additional work is likely to be needed to better understand the impacts on different groups of economic operators (i.e. SMEs and businesses at different stages in the supply chain) and, notably, to ensure compliance with international trade agreements. As challenges related to country of origin labelling are not specific to the textile industry, a transversal approach could possibly be followed.

Regardless of the policy direction to be taken, educating consumers about the meaning and value of potential labelling schemes and ensuring industry buy-in to these schemes is likely to be crucial to their ultimate success.

9.0 Bibliography

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Council Directive 73/44/EEC of 26 February 1973 on the approximation of the laws of the Member States relating to the quantitative analysis of ternary fibre mixtures.

Directive 2008/121/EC of the European Parliament and of the Council of 14 January 2009 on textile names (recast).

Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive') (text with EEA relevance).

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10.0 Annexes

10.1 Annex 1: Case study interview guide

Interview guide

Introduction

Thank you for agreeing to participate in this interview.

Matrix Insight Ltd has been tasked by the European Commission (DG ENTR) to carry out a Study on Labelling Requirements of Textile Products. As part of this study we conduct interviews with stakeholders in selected Member States to understand the main issues relating to labelling of textile products.

This is an important study aiming to contribute to further reinforcing the European internal market. If you have further questions about this study, please contact Patricia Hualde at the European Commission (Eva-Patricia.HUALDE-GRASA@ec.europa.eu).

[OPTIONAL: ASK ONLY IF INTERVIEWS ARE TO BE RECORDED - I/we would like to tape record the interview so that we have an accurate record of everything you say. Our conversation will then be typed out onto paper and the tape will be destroyed. Are you happy for me to tape-record the interview?**]**

Do you have any questions?
Are you happy for me to continue with the interview?

Background	Type of answer	Response
Name		
Title		
Member State		
Category (industry/consumer association/public authority)		
Industry subgroup (i.e. retailer, manufacturer)		
Date and type of interview (face-to-face/phone)		
Interviewer		
Introduction		
What is your current role in your organisation?	*Qualitative*	
To what extent does this role concern issues relevant to labelling of textile products?	*Qualitative*	
II. Problem definition/impact analysis: European textile composition index		
What is the level of compliance with the Directives on textile names in your country?	*Qualitative/quantitative (% of businesses)*	
What have been the costs associated with the Directives on textile names? *Prompt: Is the new regulation likely to introduce any costs?*	*Qualitative/quantitative*	
Have enterprises encountered any difficulties when complying with the Directives on textile names? *Prompt: Is the new regulation likely to introduce any difficulties? (i.e. non-textile animal parts)*	*Qualitative*	
What are the potential improvements to the existing regulatory framework concerning textile names?	*Qualitative*	
What would be the costs and benefits of introducing language-independent symbols/codes for fibre identification? *Prompt: Cost savings due to reduced translation costs/size of labels?* *Prompt: Impact on consumer information needs?* *Prompt: Are you familiar with any language independent symbols/codes for fibre identification, which are used in your country.*		
III. Problem definition/impact analysis: Origin labelling		

Which mandatory and voluntary labelling schemes concerning country of origin labelling are applicable in your country? *Prompt: What have been the drivers behind introducing these schemes?* *Prompt: What is the level of compliance?* *Prompt: If there are no mandatory rules on origin labelling of textile products, what proportion of textile products sold in your country carry an indication of origin?*	*Qualitative*	
What is the impact of the current country of origin labelling applicable in your country in terms of: Responding to consumer information needs? Ensuring that the information is not misleading. Facilitating trade within and outside of the EU? Implementation, compliance and enforcement costs? *Prompt: Can you give a quantitative estimate of the cost of any obstacles to trade within between EU Member States?*	*Qualitative/Quantitative*	
1) What actions at EU level could improve the current situation and what could be their costs and benefits? *Prompt: Introduction of effective enforcement of misleading use of country of origin designation/clarifying or qualifying country of origin definitions* *Prompt: The introduction of a mandatory harmonised country of origin label* *Prompt: Supplementing a country of origin label with traceability labelling*	*Qualitative/quantitative*	
2) If a common European country of origin definition was to be introduced, what should it be based on? *Prompt: What should a country of origin label include?* *Prompt: Which products should it apply for (all, domestic, foreign)? Prompt: Which would be the appropriate appellation of European products (e.g. "made in France/Slovakia/Italy etc. or Made in EU")*	*Qualitative*	

3) What could be the costs and benefits of a mandatory system of harmonised country of origin labelling?	*Qualitative/quantitative*	
4) How would the costs and benefits change if the country of origin label was to also include full traceability? *Prompt: Costs and benefits associated with identification of manufacturers*	*Qualitative*	
IV. Problem definition/impact analysis: Care labelling		
5) Which mandatory and voluntary care labelling schemes are applicable in your country? *Prompt: What have been the drivers behind introducing these schemes?* *Prompt: What is the level of compliance?* *Prompt: What is the awareness level among consumers of the current symbols.*	*Qualitative*	
6) What is the impact of the current care labelling applicable in your country in terms of: • Responding to consumer information needs? • Facilitating trade within and outside of the EU? • Implementation, compliance and enforcement costs? *Prompt: Can you give a quantitative estimate of the costs of any obstacles to trade within between EU Member States?*	*Qualitative/Quantitative*	
7) What actions at EU level could improve the current situation and what could be their costs and benefits? *Prompt: Harmonised labelling scheme based on the GINETEX* *Prompt: Other harmonised scheme* *Prompt: Campaign to increase awareness of current system/symbols?* *Prompt: Possible system based on description of care conditions instead of symbols?*	*Qualitative/quantitative*	
8) What could be the costs and benefits of a mandatory system of harmonised care labelling of textile products based on the GINETEX scheme? *Prompt: Costs associated with the GINETEX trademark*	*Qualitative/quantitative*	

9) How would the costs and benefits differ if a system was to be based on an alternative scheme?	*Qualitative/quantitative*	
V. Problem definition/impact analysis: Size labelling		
10) Which mandatory and voluntary size labelling schemes are applicable in your country? *Prompt: What is the level of entrenchment of the predominant standards – are there competing standards?* *Prompt: What have been the drivers behind introducing these schemes?* *Prompt: What is the level of compliance?*	*Qualitative*	
11) What is the impact of the current size labelling applicable in your country in terms of: • Responding to consumer information needs? • Facilitating trade within and outside of the EU? • Implementation, compliance and enforcement costs? *Prompt: Can you give a quantitative estimate of the costs of any obstacles to trade within between EU Member States?*	*Qualitative/Quantitative*	
12) What kind of action at EU level could improve the current situation and what could be their costs and benefits? *Prompt: Existing CEN/ISO initiatives* *Prompt: Campaign to increase awareness of current system/symbols?*	*Qualitative/quantitative*	
13) What could be the costs and benefits of a mandatory system of harmonised size labelling?	*Qualitative/quantitative*	
VI. Problem definition/impact analysis: Allergenic substances labelling		
14) Which mandatory and voluntary labelling schemes concerning allergenic substances in textile products are applicable in your country? *Prompt: What have been the drivers behind introducing these schemes?* *Prompt: What is the level of compliance?*	*Qualitative*	
15) What is the impact of the current labelling of allergenic substances in terms of: • Responding to consumer information needs? • Facilitating trade within and outside of the EU? • Implementation, compliance and enforcement costs?	*Qualitative/Quantitative*	

Prompt: Can you give a quantitative estimate of the costs of any obstacles to trade within between EU Member States?		
16) What kind of action at EU level could improve the current situation and what could be their costs and benefits? *Prompt: Improved enforcement of current rules (i.e. REACH). Prompt: Improvement of and coordination of existing voluntary standards.* *Prompt: Mandatory system of harmonised labelling* *Prompt: Campaign to increase awareness of current symbols?*	*Qualitative/quantitative*	
17) What could be the costs and benefits of a mandatory system of harmonised labelling of allergenic substances?	*Qualitative/quantitative*	
VII. Problem definition/impact analysis: Flammability labelling		
18) Which mandatory and voluntary labelling schemes concerning flammability of textile products are applicable in your country? *Prompt: What have been the drivers behind introducing these schemes?* *Prompt: What is the level of compliance?* *Prompt: What is the awareness level among consumers of the current labelling?*	*Qualitative*	
19) What is the impact of the current labelling of allergenic substances in terms of: • Responding to consumer information needs? • Facilitating trade within and outside of the EU? • Implementation, compliance and enforcement costs? *Prompt: Can you give a quantitative estimate of the cost of any obstacles to trade within between EU Member States?*	*Qualitative/Quantitative*	
20) What kind of action at EU level could improve the current situation and what could be their costs and benefits? *Prompt: Common European label/definition* *Prompt: Improvement of and coordination of existing voluntary standards.* *Prompt: Mandatory system of harmonised labelling* *Prompt: Campaign to increase awareness of current system/symbols?*	*Qualitative/quantitative*	

21) What could be the costs and benefits of a mandatory system of harmonised labelling of flammability?	*Qualitative/quantitative*	
VII. Problem definition/impact analysis: Environmental labelling and social labelling		
22) Which voluntary schemes concerning social and environmental labelling are currently used in your country? *Prompt: The Blue Angel, The Nordic Swan, Öko-Tex, Ecolabel.* *Prompt: What is the awareness level among consumers of the current symbols?*	*Qualitative*	
23) What is the impact of the current voluntary environmental and social labelling systems in terms of: • Responding to consumer information needs? • Facilitating trade within and outside of the EU? • Implementation, compliance and enforcement costs? *Prompt: Is the industry uptake of voluntary labels hampered by excessively strict requirements?* *Prompt: Do national or regional labels constitute a competitive advantage for companies from that country/region?* *Prompt: Can you give a quantitative estimate of the cost of any obstacles to trade within between EU Member States?*	*Qualitative/Quantitative*	
24) What kind of action at EU level could improve the current situation and what could be their costs and benefits? *Prompt: Reinforcing/reviewing the current European label.* *Prompt: Support and/or coordination of existing voluntary schemes* *Prompt: Supporting European definition of environmental textiles* *Prompt: Supporting European definition of sustainable or socially responsible production* *Prompt: Campaign to increase awareness of current system/symbols?*	*Qualitative/quantitative*	
25) What could be the costs and benefits of a mandatory system of environmental labelling?	*Qualitative/quantitative*	
26) What could be the costs and benefits of a mandatory system of social labelling?	*Qualitative/quantitative*	

VIII: Problem definition/impact analysis: Delivering information		
27) Is there scope for improvement in the way information concerning textile products is delivered to the consumer?	*Qualitative*	
28) To which extent are these technologies applied in other parts of the supply chain, such as for example inventory management? *Prompt: RFID labelling, two-dimensional bar codes*	*Qualitative*	
29) In what could these technologies be used for consumer information purposes? *Prompt: To combat illegal counterfeiting?* *Prompt: What kind of information could be transmitted this way and should it be supplementary (e.g. social or environmental impact information) or replace information, which is currently on the physical label?*	*Qualitative*	
30) To what extent would EU support of electronic labelling systems be beneficial?	*Qualitative*	
31) In which way could the EU best to promote the use of electronic labelling systems? What could be the costs and benefits of different ways to promote electronic labelling? *Prompt: Point out potential issues (and possible solutions) related to ensuring access to information for all consumers.* *Prompt: Point out potential issues (and possible solutions) related to privacy and data protection*	*Qualitative/quantitative*	
32) Which types of information should be provided on permanent labels and which types of information could be provided on non-permanent tags or on-demand? *Prompt: In relation to: Country of Origin, Care, size, Environmental Label, allergenic substances, flammability and composition.*		
Closing Remarks		
[ask only public authorities] 33) What have been the experiences concerning the labelling of products in other sectors in your country? What have been the costs and benefits associated with it?	Qualitative/quantitative	
34) Are there any new national initiatives concerning labelling of textile products planned in your country?	*Qualitative*	
35) Do you have any further questions for us? Other comments?	*Qualitative*	

36) Are there any sources you think it would be particularly useful for us to look at? *Prompt: Do you know of any sources concerning labelling rules from outside of the EU, which could be useful to this study?*	*Qualitative*	

10.2 Annex 2: Consumer survey questionnaire

The following is preliminary draft of the consumer survey. This draft will be revised following the review meeting and further consultation with the contractors implementing the survey.

Introduction Text

Matrix Insight/ORC International are currently conducting a study for the European Commission on the labelling of leather and textile products in Europe. The purpose of this survey is to inform the study about the benefits to consumers of different types of labelling. Your answers will be treated anonymously. The information you provide will be used for research purposes only, combined and analysed with the answers of many other people.

This is a genuine research survey and no attempt will be made to sell anything to you.

Your contribution is greatly appreciated. The survey should take you approximately 10 minutes to complete.

1. Please record your gender
    - Male
    - Female

2. Please record your age group
    - 18-34 years old
    - 35-54 years old
    - 55+ years old

3. Which of the following best describes where you live?

UK:
- East of England
- London
- Midlands
- North East Yorkshire
- North West
- Northern Ireland
- Scotland
- South East
- South West
- Wales

Sweden:
- North
- Middle
- East
- West
- South East
- South

Italy:

- North western
- North eastern
- Centre Italy
- Southern Italy
- Islands

Spain:

- Barcelona Metropolitan
- North East
- East
- South
- Madrid Metropolitan
- Centre
- North West
- North

Germany:

- Hamburg/Bremen/ Schleswig-Holstein/ Niedersachsen
- Nordrhein-Westfalen
- Hessen/Rheinland-Pfalz/ Saarland
- Baden-Wuerttemberg
- Bayern
- Berlin
- Mecklenburg-Vorpommern/Brandenburg/Sachsen-Anhalt
- Thüringen/Sachsen

France :

- RégionParisienne
- Nord-Picardie
- Champagne-Alsace
- Normandie-Bretagne
- Touraine-Charentes
- Bourgogne-Auvergne
- Alpes-Jura
- Provence-Languedoc
- Pyrénées-Aquitaine

Poland

- CENTRALNY
- POLNOCNO-ZACHODNI
- POLNOCNY
- POLUDNIOWO-ZACHODNI
- POLUDNIOWY
- WSCHODNI

4. On average, how often do you shop for clothing?

- Once a week or more often
- Once a month
- Once every few months
- Less often than once every few months

Labelling in general

5. The following information could be included on a label attached to a product. Please rate each type of information according to how important it is to you.

(Scale: Very important, Important, Somewhat important, Not important and should not be included on the label)

- For clothing and textile products
  - Country of origin
  - Information stating where different stages of production took place
  - Name of manufacturer
  - Size
  - Care instruction
  - Information concerning allergenic substances
  - Information concerning flammability
  - Information concerning environmental impact
  - Information concerning impact on people involved in production
- For leather products
  - Country of origin
  - Information explaining different stages of production
  - Name of manufacturer
  - Information certifying a product is made of real leather
  - Information on animal species
  - Information concerning environmental impact
  - Information concerning impact on people involved in production

Country of origin labelling

6. Imagine that you are deciding between two products. The products are made in two different countries but are otherwise identical.

- For clothing and textile products, which would apply to you?

(Choose one of the following)

  - I have a preference for products to be produced in certain countries and I would be prepared to pay over 10% more for a product made in a country of my preference
  - I have a preference for products to be produced in certain countries and I would be prepared to pay up to 10% more for a product made in a country of my preference
  - I have a preference for products to be produced in certain countries and I would choose the product made in a country of my preference if the prices of both products were the same
  - I don't have a preference for products to be produced in certain countries

- For leather products, which would apply to you?

(Choose one of the following)

  - I have a preference for products to be produced in certain countries and I would be prepared to pay over 10% more for a product made in a country of my preference
  - I have a preference for products to be produced in certain countries and I would be prepared to pay up to 10% more for a

product made in a country of my preference
  - o I have a preference for products to be produced in certain countries and I would choose the product made in a country of my preference if the prices of both products were the same
  - o I don't have a preference for products to be produced in certain countries

If "no country preference" skip to question 10

7. Are you currently taking "made in" (country) labels into account when shopping
   a. for textile and clothing products?
      - o Always
      - o Sometimes
      - o Never

   b. for leather products?
      - o Always
      - o Sometimes
      - o Never

If "always" skip to question 9

8. Please indicate the main reason(s) why you do not always take "made in" (country) labels into account when shopping.

(Choose one or more of the following)

- For clothing and textile products
  - o I do not understand what the labels mean
  - o I do not trust the information on the labels
  - o I rarely encounter such labels
  - o I do not look at such labels
  - o Other reason
- For leather products
  - o I do not understand what the labels mean
  - o I do not trust the information on the labels
  - o I rarely encounter such labels
  - o I do not look at such labels
  - o Other reason

9. Please indicate the main reason(s) why you take "made in" labels into account when shopping.

(Choose one or more of the following)

For clothing and textile products

c. I link "made in" certain countries with better quality
d. I link "made in" certain countries with less environmental impact
e. I link "made in" certain countries with better working conditions
f. I want to avoid products from certain countries
g. I want to support local industry
h. Other reason

For leather products

i. I link "made in" certain countries with better quality
j. I link "made in" certain countries with less environmental impact

k. I link “made in” certain countries with better working conditions
l. I want to avoid products from certain countries
m. I want to support local industry
n. Other reason

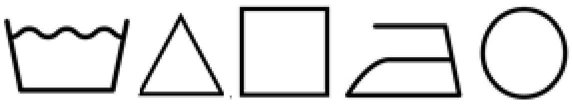
Care labelling

10. In your household, are you responsible for caring for clothing (i.e. laundry, drying, ironing etc.)?

- Yes, I am the only one responsible
- Yes, mainly
- Yes, but only to a limited extent
- No, not at all

11. Please indicate to what extent care instructions on clothing labels influence your purchasing decisions.

- Very much
- To some extent
- A little
- Not at all



12. How would you describe your understanding of the care symbols (such as those shown above) which are shown on the labels of most clothing?

- Very good understanding
- Good understanding
- Basic understanding
- No understanding

If “very good understanding”, skip to question 14

13. Please indicate to what extent better understanding of care symbols would change the way you care for textile and clothing products:

- Very much
- To some extent
- A little
- Not at all

Size designation

14. Do you know your body measurements (i.e.chest, bust, waist)?

- Yes, I know most of my measurements
- Yes, I know some of my measurements
- No, I don’t know any of my measurements

15. How often have you ordered clothing through a catalogue or online over the last year?

- Often (more than 5 times per year)
- Sometimes (2 to 5 times per year)
- Rarely (once a year or less)
- Never

If “rarely” or” never”, skip to question 17A

16. How often did you have to return an ordered item because it did not fit you?

- Often
- Sometimes
- Rarely
- Never

17. A

Imagine that all labels on textile and clothing products in Europe carried an additional indication of size based on body measurements.

(Please indicate which of the following apply to you)

A. I would be more confident buying from a mail order catalogue or online
(if yes E will appear in 17 B)

B. I would be more confident buying from a different country
(if yes F will appear in 17 B)

C. I would be more confident buying clothing for others
(if yes G will appear in 17 B)

D. It would not make any positive difference for me.
(if yes skip to question 18)

17. B

(Please indicate which of the following apply to you)

E. I would buy from a mail order catalogue or online more
F. I would buy clothes when I am abroad more often
G. I would buy more clothing for others
H. I would buy more clothing for others

Environmental performance

18. Imagine that you are deciding between two products. One of the products is described as having a lower environmental impact than the other. Otherwise the two products are identical.

(Choose one of the following)

- For clothing and textile products, which would apply to you:
  - I would be prepared to pay over 10% more for the environmentally friendly product
  - I would be prepared to pay up to 10% more for the environmentally

friendly product
    - I would choose the environmentally friendly product if prices of both products were the same
    - Environmental impact would not affect the decision

(Choose one of the following)

- For leather products, which would apply to you:
    - I would be prepared to pay over 10% more for the environmentally friendly product
    - I would be prepared to pay up to 10% more for the environmentally friendly product
    - I would choose the environmentally friendly product if prices of both products were the same
    - Environmental impact would not affect the decision

19. When shopping, do you consider labels that contain information about environmental impact

- for clothing and textile products?
    - Always
    - Sometimes
    - Never
- for leather products?
    - Always
    - Sometimes
    - Never

If "always" skip to question 21

20. Please indicate the main reason(s) why you do not always consider labels that contain information about environmental impact:

(Choose one or more of the following)

- For clothing and textile products
    - I do not understand what the labels mean
    - I do not trust the information on the labels
    - I rarely encounter such labels
    - I do not look at such labels
    - Other reason
- For leather products
    - I do not understand what the labels mean
    - I do not trust the information on the labels
    - I rarely encounter such labels
    - I do not look at such labels
    - Other reason

Social Conditions

21. Imagine that you are deciding between two products. One of the products is described as having been produced under adequate and fair working conditions. Otherwise the two products are identical.

(Choose one of the following)

- For clothing and textile products, which would apply to you:
  - I would be prepared to pay over 10% more for the product produced under adequate and fair working conditions.
  - I would be prepared to pay up to 10% more for the product produced under adequate and fair working conditions.
  - I would choose the product produced under adequate and fair working conditions if prices of both products were the same
  - The working conditions under which the product has been produced would not affect the decision

(Choose one of the following)

- For leather products which would apply to you:
  - I would be prepared to pay over 10% more for the product under adequate and fair working conditions
  - I would be prepared to pay up to 10% more for the product under adequate and fair working conditions
  - I would choose the product under adequate and fair working conditions if prices of both products were the same
  - The working conditions under which the product has been produced would not affect the decision

22. When shopping, do you consider labels that contain information about working conditions

- for clothing and textile products?
  - Always
  - Sometimes
  - Never
- for leather products?
  - Always
  - Sometimes
  - Never

In case of "always" skip to question 24

23. Please indicate the main reason(s) why you do not always consider labels that contain information about working conditions

(Choose one or more of the following)

- For clothing and textile products
  - I do not understand what the labels mean
  - I do not trust the information on the labels
  - I rarely encounter such labels
  - I do not look at such labels
  - Other reason
- For leather products
  - I do not understand what the labels mean
  - I do not trust the information on the labels

- I rarely encounter such labels
- I do not look at such labels
- Other reason

Authenticity labelling of leather products

24. When purchasing leather products, are you ever unsure whether the product is made of genuine leather?

- Often
- Sometimes
- Rarely
- Never
- I never purchase leather products

If "rarely", "never" or "I never purchase leather products" skip to question 26

25. Imagine that you are deciding between two products. One of the products has a label certifying that it is made of authentic leather, otherwise the products appear identical. Which would apply to you:

(Choose one of the following)

- I would be prepared to pay over 10% more for the product with the label
- I would be prepared to pay up to 10% more for the product with the label
- I would choose the product with the label if the prices of both products were the same
- The label would not affect the decision

Animal species labelling

26. To what extent would a label specifying animal species from which a leather product was made affect your decision to purchase that product?

- It would always affect my decision
- It would affect my decision only for specific products or animal species
- It would not affect my decision

InformationDelivery

27. Would you find the opportunity to obtain information on your garment via electronic means (by scanning a barcode in the shop or using a mobile device) to be beneficial?

- Yes, very beneficial
- Yes, beneficial
- Yes, somewhat beneficial
- No, not beneficial

Closing remarks

28. What other information would you like to see on physical labels on textile and clothing products or leather products?

Open question

We have now reached the end of the study. We'd just like to thank you for your time and contribution. This study was conducted in accordance with the UK Market Research Society's Code of Conduct (www.mrs.org.uk).

10.3 Annex 3: List of stakeholders contacted and consulted

The tables below outline the national-level and EU-level stakeholders contacted and consulted,

Geography	Organisation type	Organisation	Contacted/Consulted
Global	Business	Nike	Consulted
Global	Business	H&M	Consulted
Global	Existing Voluntary scheme	GINETEX	Consulted
Global	Standardisation Imitative	ISO/TC133	Contacted
Global	Existing Voluntary scheme	GOTS	Consulted
EU	Industry association	EURATEX	Consulted
EU	Industry association	AEDT	Consulted
EU	Industry association	EBCA	Consulted
EU	Consumer association	BEUC	Consulted
EU	Consumer association	ANEC	Contacted
EU	Environmental body	European Environmental Bureau (EEB)	Consulted
EU	Industry association (Comparison sector)	Association for Soaps, Detergents and Maintenance Products (AISE)	Contacted
EU	Industry association (Comparison sector	The European Cosmetics Association (COLIPA)	Contacted
EU	Existing Voluntary scheme	Oeko-Tex	Consulted
EU	Standardisation Imitative	CEN/ Technical Committee 248	Consulted
BE	Consumer association	Test-Achats	Contacted
BE	Consumer association	Centre de Recherche et d'Information des Organisations de Consommateurs	Contacted
BE	Consumer association	FEDUSTRIA	Consulted
BE	Industry association	CERAMODA	Consulted
BE	Public Authority	FPS Economy	Consulted
DE	Consumer association	StiftungWarentest	Contacted
DE	Consumer association	VerbraucherzentraleBundesverband - vzbv	Contacted

DE	Industry association	GTMI	Consulted
DE	Public Authority	Federal Ministry of Economics and Technology	Consulted
DK	Consumer association	Forbrugerrådet	Consulted
DK	Industry association	Dansk Fashion & Textile	Consulted
DK	Public Authority	Danish Competition Authority	Contacted
DK	Public Authority	Dansk Institute for Technology	Consulted
DK	Public Authority	Danish Standards	Contacted
DK	Public Authority	Danish Fashion Institute	Consulted
ES	Consumer association	CECU	Declined
ES	Consumer association	OCU	Declined
ES	Consumer association	Unión de Consumidores de España	Declined
ES	Consumer association	FACUA - Consumidores en Acción	Contacted
ES	Industry association	CIE	Contacted
ES	Industry association	Centro de InformaciónTextil y de la Confección	Contacted
ES	Industry association	FederaciónEmpresas de Confección	Consulted
ES	Industry association	Agrupación de género de punto	Consulted
ES	Public Authority	InstitutoNacional del Consumo	Consulted
FI	Consumer association	Konsumentförbundet	Consulted
FI	Regulators	TUKES. Finnish Safety and chemicals agency	Contacted
FI	Industry association	FINATEX	Consulted
FI	Public Authority	Ministry of employment and economy	Consulted
FR	Consumer association	Consommation, Logement et Cadre de Vie - CLCV	Declined
FR	Consumer association	Organisation Générale des Consommateurs	Declined
FR	Consumer association	L'association des consommateurs de France	Contacted
FR	Consumer association	Association Force OuvrièreConsommateurs	Contacted
FR	Industry association	Union des Industries Textile	Contacted
FR	Industry association	La mode française	Consulted

FR	Public Authority	Direction General des Entreprises	Consulted
FR	Industry association	InstitutFrançais du Textile et de l'Habillement	Consulted
IT	Consumer association	CIE	Consulted
IT	Consumer association	Altroconsumo	Contacted
IT	Industry association	Assomoda	Contacted
IT	Industry association	SMI	Consulted
IT	Public Authority	Ministry of Economic Development	Consulted
IT	Public Authority	Regione Veneto	Contacted
LT	Consumer association	Lithuanian Consumer Institute	Contacted
LT	Industry association	Lithuanian Apparel and Textile Industry Association LATIA	Consulted
LT	Public Authority	Ministry of Economy	Consulted
NL	Consumer association	Consumentenbond	Declined
NL	Industry association	MODINT	Consulted
NL	Public Authority	Dutch Ministry of Economic Affairs, Agriculture and Innovation	Consulted
PL	Consumer association	FederacjaKonsumentów	Contacted
PL	Industry association	Polish Federation of Apparel & Textile Employers	Contacted
PL	Public Authority	Urzad Ochrony Konkurencji I Konsumentow	Consulted
PT	Industry association	ANIVEC/APIV	Consulted
PT	Industry association	ATP	Consulted
PT	Public Authority	Directorate General of Economic Activities	Consulted
RO	Consumer association	APC	Contacted
RO	Industry association	COPIMOD-BFA	Consulted
RO	Public Authority	Ministry of Economy	Contacted
UK	Consumer association	Which	Consulted
UK	Industry association	UK Fashion and Textile Association	Consulted
UK	Public Authority	Department for Business Innovation and Skills (BIS)	Consulted

10.4 Annex 4 – Statistics of the sample

The market definition is based on the NACE rev. 2 product chapters 13 and 14. Excluded from the product selection were input products which were counted in measures other than units (e.g. kg, meter etc). This included mainly input products not intended for consumer use. These products would normally not carry a label as they would typically be used as input to consumer products. Also, excluded from the definition were leather products given that they fall out of the market definition of the current textile Directive. The table below provides a list of the included product categories.

PRCCODE/INDICATORS
14191300 - Gloves, mittens and mitts, of knitted or crocheted textiles
14192370 - Gloves, mittens and mitts (excluding knitted or crocheted)
14311050 - Women's full-length or knee-length knitted or crocheted hosiery, measuring per single yarn < 67 decitex
14311090 - Knitted or crocheted hosiery and footwear (including socks; excluding women's full-length/knee-length hosiery, measuring <67decitex, panty-hose and tights, footwear with applied soles)
13921130 - Blankets and travelling rugs of wool or fine animal hair (excluding electric blankets)
13921150 - Blankets and travelling rugs of synthetic fibres (excluding electric blankets)
13921190 - Blankets (excluding electric blankets) and travelling rugs of textile materials (excluding of wool or fine animal hair, of synthetic fibres)
13921640 - Bedspreads (excluding eiderdowns)
13922430 - Sleeping bags
13922493 - Articles of bedding of feathers or down (including quilts and eiderdowns, cushions, pouffes, pillows) (excluding mattresses, sleeping bags)
13922499 - Articles of bedding filled other than with feathers or down (including quilts and eiderdowns, cushions, pouffes, pillows) (excluding mattresses, sleeping bags)
13991900 - Powder-puffs and pads for the application of cosmetics or toilet preparations
14121120 - Men's or boys' ensembles, of cotton or man-made fibres, for industrial and occupational wear
14121130 - Men's or boys' jackets and blazers, of cotton or man-made fibres, for industrial and occupational wear
14121240 - Men's or boys' trousers and breeches, of cotton or man-made fibres, for industrial or occupational wear
14121250 - Men's or boys' bib and brace overalls, of cotton or man-made fibres, for industrial or occupational wear
14122120 - Women's or girls' ensembles, of cotton or man-made fibres, for industrial or occupational wear

14122130 - Women's or girls' jackets and blazers, of cotton or man-made fibres, for industrial or occupational wear
14122240 - Women's or girls' trousers and breeches, of cotton or man-made fibres, for industrial or occupational wear
14122250 - Women's or girls' bib and brace overalls, of cotton or man-made fibres, for industrial or occupational wear
14123013 - Men's or boys' other garments, of cotton or man-made fibres, for industrial or occupational wear
14123023 - Women's or girls' other garments, of cotton or man-made fibres, for industrial or occupational wear
14131110 - Men's or boys' overcoats, car-coats, capes, cloaks and similar articles, of knitted or crocheted textiles (excluding jackets and blazers, anoraks, wind-cheaters and wind-jackets)
14131120 - Men's or boys' anoraks, ski-jackets, wind-cheaters, wind-jackets and similar articles, of knitted or crocheted textiles (excluding jackets and blazers)
14131230 - Men's or boys' jackets and blazers, of knitted or crocheted textiles
14131260 - Men's or boys' suits and ensembles, of knitted or crocheted textiles
14131270 - Men's or boys' trousers, breeches, shorts, bib and brace overalls, of knitted or crocheted textiles
14131310 - Women's or girls' overcoats, car-coats, capes, cloaks and similar articles, of knitted or crocheted textiles (excluding jackets and blazers)
14131320 - Women's or girls' anoraks, ski-jackets, wind-cheaters, wind-jackets and similar articles, of knitted or crocheted textiles (excluding jackets and blazers)
14131430 - Women's or girls' jackets and blazers, of knitted or crocheted textiles
14131460 - Women's or girls' suits and ensembles, of knitted or crocheted textiles
14131470 - Women's or girls' dresses, of knitted or crocheted textiles
14131480 - Women's or girls' skirts and divided skirts, of knitted or crocheted textiles
14131490 - Women's or girls' trousers, breeches, shorts, bib and brace overalls, of knitted or crocheted textiles
14132110 - Men's or boys' raincoats
14132120 - Men's or boys' overcoats, car-coats, capes, etc
14132130 - Men's or boys' anoraks, ski-jackets, wind-jackets and similar articles (excluding jackets and blazers, knitted or crocheted, impregnated, coated, covered, laminated or rubberized)
14132210 - Men's or boys' suits (excluding knitted or crocheted)
14132220 - Men's or boys' ensembles (excluding knitted or crocheted)
14132300 - Men's or boys' jackets and blazers (excluding knitted or crocheted)

14132442 - Men's or boys' trousers and breeches, of denim (excluding for industrial or occupational wear)
14132444 - Men's or boys' trousers, breeches and shorts, of wool or fine animal hair (excluding knitted or crocheted, for industrial or occupational wear)
14132445 - Men's or boys' trousers and breeches, of man-made fibres (excluding knitted or crocheted, for industrial or occupational wear)
14132448 - Men's or boys' trousers and breeches, of cotton (excluding denim, knitted or crocheted)
14132449 - Men's or boys' trousers, breeches, shorts and bib and brace overalls (excluding of wool, cotton and man-made fibres, knitted or crocheted)
14132455 - Men's or boys' bib and brace overalls (excluding knitted or crocheted, for industrial or occupational wear)
14132460 - Men's or boys' shorts, of cotton or man-made fibres (excluding knitted or crocheted)
14133110 - Woman's or girls' raincoats
14133120 - Woman's or girls' overcoats, etc
14133130 - Women's or girls' anoraks, ski-jackets, wind-jackets and similar articles (excluding jackets and blazers, knitted or crocheted, impregnated, coated, covered, laminated or rubberized)
14133210 - Women's or girls' suits (excluding knitted or crocheted)
14133220 - Women's or girls' ensembles (excluding knitted or crocheted)
14133330 - Women's or girls' jackets and blazers (excluding knitted or crocheted)
14133470 - Women's or girls' dresses (excluding knitted or crocheted)
14133480 - Women's or girls' skirts and divided skirts (excluding knitted or crocheted)
14133542 - Women's or girls' trousers and breeches, of denim (excluding for industrial or occupational wear)
14133548 - Women's or girls' trousers and breeches, of cotton (excluding denim, for industrial or occupational wear)
14133549 - Women's or girls' trousers and breeches, of wool or fine animal hair or man-made fibres (excluding knitted or crocheted and for industrial and occupational wear)
14133551 - Women's or girls' bib and brace overalls, of cotton (excluding knitted or crocheted, for industrial or occupational wear)
14133561 - Women's or girls' shorts, of cotton (excluding knitted and crocheted)
14133563 - Women's or girls' bib and brace overalls, of textiles (excluding cotton, knitted or crocheted, for industrial or occupational wear) and women's or girls' shorts, of wool or fine animal hair (excluding knitted or crocheted)
14133565 - Women's or girls' shorts, of man-made fibres (excluding knitted or crocheted)
14133569 - Women's or girls' trousers, breeches, bib and brace overalls, of textiles (excluding cotton, wool or fine animal hair, man-made fibres, knitted or crocheted)

14141100 - Men's or boys' shirts and under-shirts, of knitted or crocheted textiles
14141220 - Men's or boys' underpants and briefs, of knitted or crocheted textiles (including boxer shorts)
14141230 - Men's or boys' nightshirts and pyjamas, of knitted or crocheted textiles
14141240 - Men's or boys' dressing gowns, bathrobes and similar articles, of knitted or crocheted textiles
14141310 - Women's or girls' blouses, shirts and shirt-blouses, of knitted or crocheted textiles
14141420 - Women's or girls' briefs and panties, of knitted or crocheted textiles (including boxer shorts)
14141430 - Women's or girls' nighties and pyjamas, of knitted or crocheted textiles
14141440 - Women's or girls' negligees, bathrobes, dressing gowns and similar articles, of knitted or crocheted textiles
14141450 - Women's or girls' slips and petticoats, of knitted or crocheted textiles
14142100 - Men's or boys' shirts (excluding knitted or crocheted)
14142220 - Men's or boys' underpants and briefs (including boxer shorts) (excluding knitted or crocheted)
14142230 - Men's or boys' nightshirts and pyjamas (excluding knitted or crocheted)
14142240 - Men's or boys' singlets, vests, bathrobes, dressing gowns and similar articles (excluding knitted or crocheted)
14142300 - Women's or girls' blouses, shirts and shirt-blouses (excluding knitted or crocheted)
14142430 - Women's or girls' nightdresses and pyjamas (excluding knitted or crocheted)
14142450 - Women's or girls' slips and petticoats (excluding knitted or crocheted)
14142460 - Women's or girls' singlets and other vests, briefs, panties, négligés, bathrobes, dressing gowns, housecoats and similar articles of cotton (excluding knitted or crocheted)
14142480 - Women's or girls' negligees, bathrobes, dressing gowns, singlets, vests, briefs and panties (including boxer shorts), of fibres other than cotton (excluding knitted or crocheted)
14142489 - Women's or girls' singlets, vests, briefs, panties, negligees, bathrobes, dressing gowns and similar articles, of textiles (excluding cotton, man-made fibres, knitted or crocheted)
14142530 - Brassieres
14142550 - Girdles, panty-girdles and corselettes (including bodies with adjustable straps)
14143000 - T-shirts, singlets and vests, knitted or crocheted
14191210 - Track-suits, of knitted or crocheted textiles
14191230 - Ski-suits, of knitted or crocheted textiles

14191240 - Men's or boys' swimwear, of knitted or crocheted textiles
14191250 - Women's or girls' swimwear, of knitted or crocheted textiles
14191930 - Shawls, scarves, mufflers, mantillas, veils and the like, of knitted or crocheted textiles
14192210 - Other men's or boys' apparel n.e.c., including waistcoats, tracksuits and jogging suits (excluding ski-suits, knitted or crocheted)
14192220 - Other women's or girls' apparel n.e.c., including waistcoats, tracksuits and jogging suits (excluding ski-suits, knitted or crocheted)
14192230 - Ski-suits (excluding of knitted or crocheted textiles)
14192240 - Men's or boys' swimwear (excluding of knitted or crocheted textiles)
14192250 - Women's or girls' swimwear (excluding of knitted or crocheted textiles)
14192310 - Handkerchiefs
14192333 - Shawls, scarves, mufflers, mantillas, veils and the like (excluding articles of silk or silk waste, knitted or crocheted)
14192338 - Shawls, scarves, mufflers, mantillas, veils and the like, of silk or silk waste (excluding knitted or crocheted)
14192353 - Ties, bow ties and cravats (excluding articles of silk or silk waste, knitted or crocheted)
14192358 - Ties, bow ties and cravats, of silk or silk waste (excluding knitted or crocheted)
14193200 - Garments made up of felt or nonwovens, textile fabrics impregnated or coated
14194130 - Hat-forms, hat bodies and hoods, plateaux and manchons of felt (including slit manchons) (excluding those blocked to shape, those with made brims)
14194150 - Hat-shapes, plaited or made by assembling strips of any material (excluding those blocked to shape, those with made brims, those lined or trimmed)
14194230 - Felt hats and other felt headgear, made from hat bodies or hoods and plateaux
14194250 - Hats and other headgear, plaited or made by assembling strips of any material
14194270 - Hats and other headgear, knitted or crocheted or made-up from lace, felt or other textile fabric in the piece (but not in strips); hair-nets of any material
14311033 - Panty hose and tights, of knitted or crocheted synthetic fibres, measuring per single yarn < 67 decitex
14311035 - Panty hose and tights, of knitted or crocheted synthetic fibres, measuring per single yarn <= 67 decitex
14311037 - Panty hose and tights, of textiles (excluding those of knitted or crocheted synthetic fibres)
14391031 - Men's or boys' jerseys, pullovers, sweatshirts, waistcoats and cardigans, of wool or fine animal hair (excluding jerseys and pullovers containing <=50% of wool and weighing <=600g)

14391032 - Women's or girls' jerseys, pullovers, sweatshirts, waistcoats and cardigans, of wool or fine animal hair (excluding jerseys and pullovers containing <=50% of wool and weighing <=600g)
14391033 - Jerseys and pullovers, containing <= 50% by weight of wool and weighing <= 600 g per article
14391053 - Lightweight fine knit roll, polo or turtle neck jumpers and pullovers, of cotton
14391055 - Lightweight fine knit roll, polo or turtle neck jumpers and pullovers, of man-made fibres
14391061 - Men's or boys' jerseys, pullovers, sweatshirts, waistcoats and cardigans, of cotton (excluding lightweight fine knit roll, polo or turtle neck jumpers and pullovers)
14391062 - Women's or girls' jerseys, pullovers, sweatshirts, waistcoats and cardigans, of cotton (excluding lightweight fine knit roll, polo or turtle neck jumpers and pullovers)
14391071 - Men's or boys' jerseys, pullovers, sweatshirts, waistcoats and cardigans, of man-made fibres (excluding lightweight fine knit roll, polo or turtle neck jumpers and pullovers)
14391072 - Women's or girls' jerseys, pullovers, sweatshirts, waistcoats and cardigans, of man-made fibres (excluding lightweight fine knit roll, polo or turtle neck jumpers and pullovers)
14391090 - Jerseys, pullovers, sweatshirts, waistcoats and cardigans, of textile materials (excluding those of wool or fine animal hair, cotton, man-made fibres)