

Quality Guidelines on Imported Textile Products

April 2008

Japan Textile Federation

(Review council of quality guidelines on imported textile products)

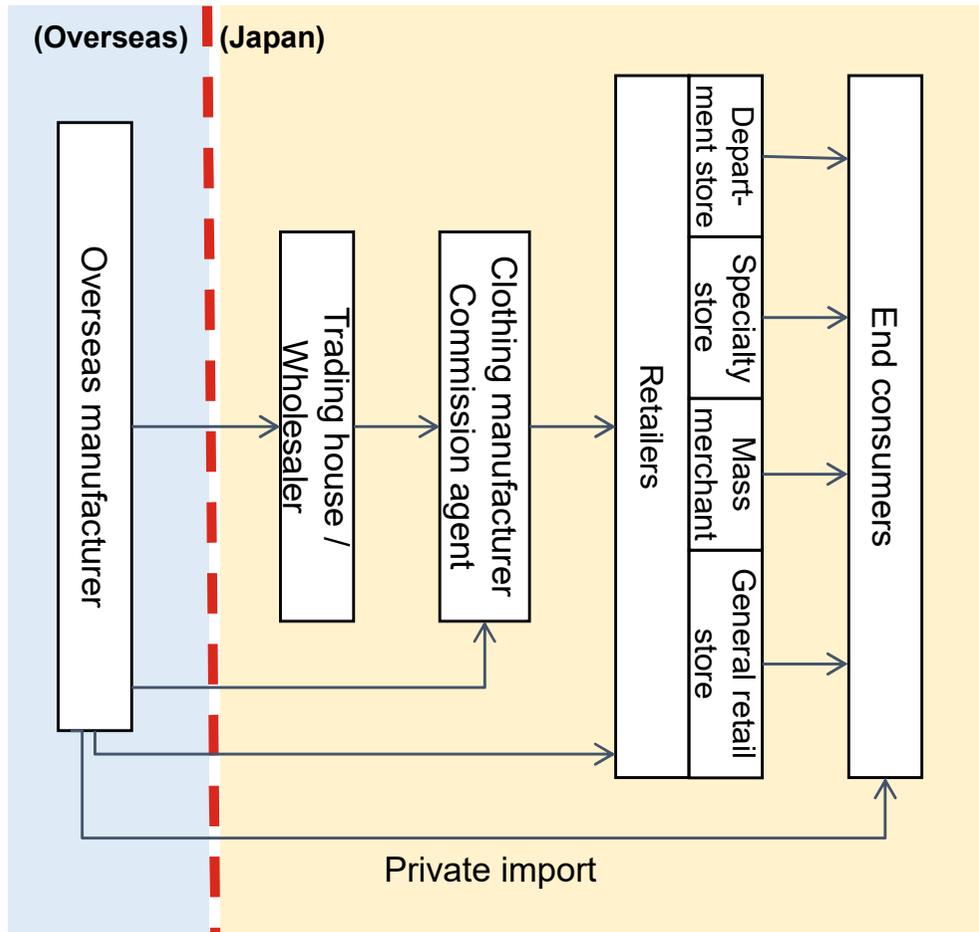
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Chapter 1

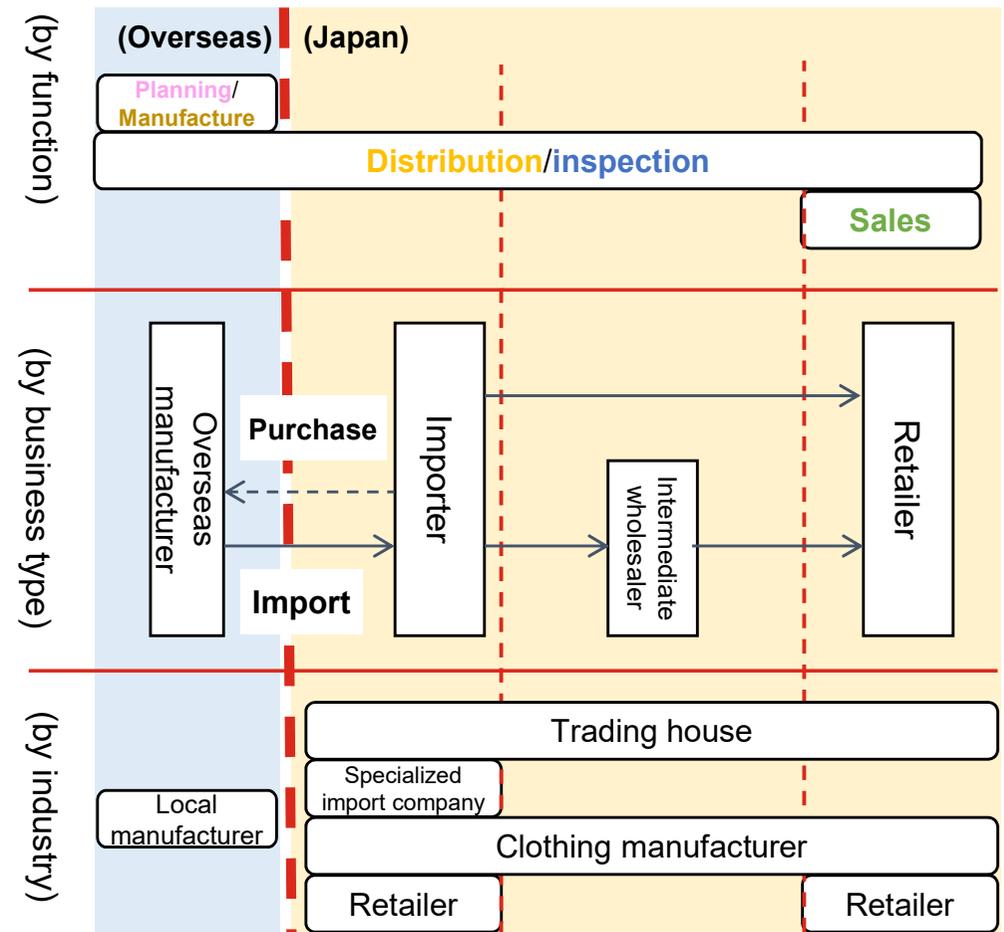
Manufacturing and import status of imported textile products

1.1 Distribution channels for products manufactured overseas



1.2 Types of planning/manufacture and import/sale

(1) Purchase type



1.1 Distribution channels for products manufactured overseas

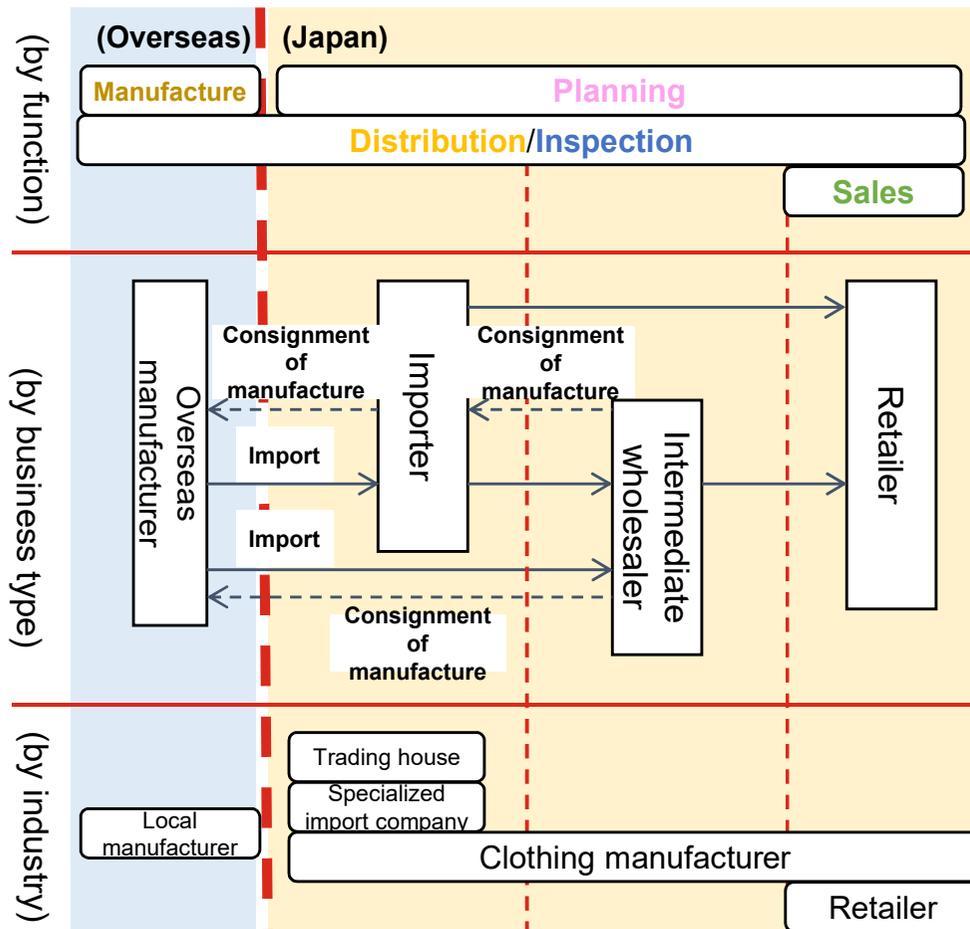
- Direct business with each of trading houses, clothing manufacturers, retailers, and consumers. Trading volume is the largest in the channel “overseas local manufacture→trading house→clothing manufacturer / commission agent→retailer.”

1.2 Types of planning/manufacture and import/sale

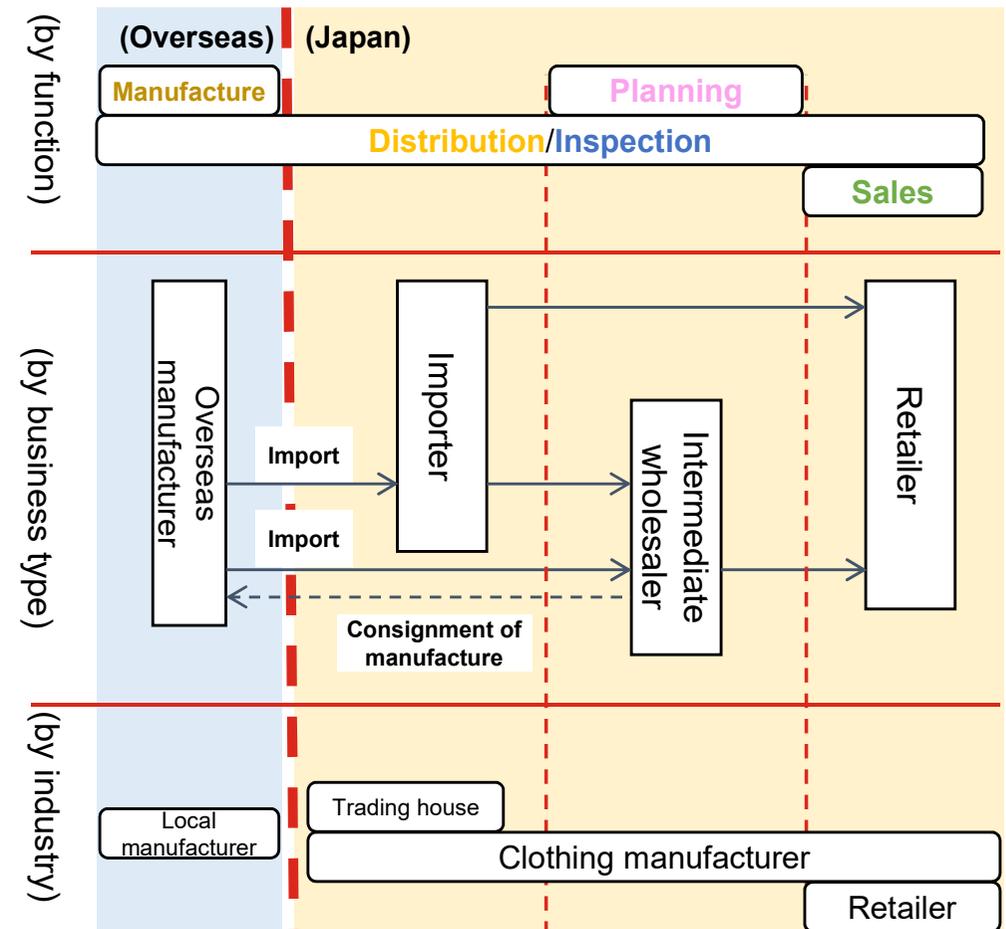
(1) Purchase type

- Product planning and manufacture are managed by an overseas manufacturer.
- Products imported from an overseas manufacturer are purchased by each business in each stage of distribution.

(2) OEM type



(3) Type arranged by clothing manufacturer



(2) OEM type

- Planning is done by a domestic trading house in some cases or a clothing manufacturer in other cases.
- Import is often done by a trading house or other importers, but a clothing manufacturer engages in direct import in some cases.

(3) Type arranged by clothing manufacturer

- A clothing manufacturer carries out planning, and conducts processes from obtaining materials to consignment of manufacture to an overseas manufacturer.
- Import is done by a clothing manufacturer in some cases, and by a trading house instead in other cases.

Chapter 2

Notes on quality control

2.1 Basic concept of quality control

Purpose/meaning • To provide attractive products to consumers
• To provide safe and secure products to consumers

(1) Responsibilities placed on textile products

The idea about quality varies depending on the times, market needs, companies, and the purpose of products. Also, since values are different depending on national character, it may not be necessarily possible to make a judgement about what is good and bad. However, we must always keep in mind “how we can satisfy consumers.”

(2) Products that should not be sold

Since textile products are products that highly appeal to sensitivity of people, it is necessary to make efforts to seek understanding from consumers by clarifying the disadvantages that arise from making use of values of such characteristics. However, the following products should not be sold fundamentally.

- i. Products that do not comply with laws, industry or corporate standards/criteria
- ii. Products that cause mental or physical discomfort, pain, or harm when worn
- iii. Products that cause problems in normal wearing, washing, and storage in a short period of time
- iv. Products with incorrect labeling or description

(3) Principle of where responsibilities lie

In manufacturing, it is important that each company thoroughly implements the concept of “taking responsibility for the quality of products they have”.

[Fabric (raw materials)] Fabric material manufacturers and their suppliers

[Accessories] Accessory manufacturers and their suppliers

[Products] Finished product assembly manufacturers and their suppliers

In globalized manufacturing, it is a social responsibility and duty of companies to comply with the above items

2.2 Compliance and risk management

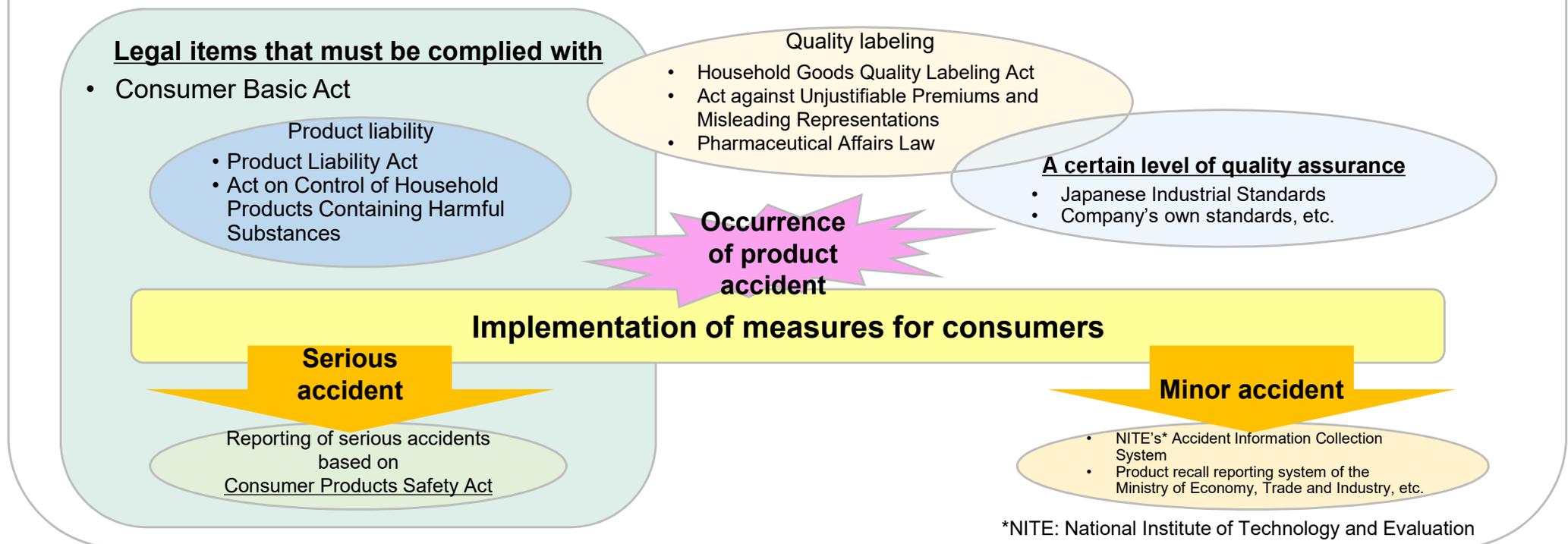
Legal compliance is a minimum requirement for companies, and needless to say, companies are required to comply with other various restrictions such as their own company standards in order to provide safe, secure, and attractive products to consumers.

Regarding imported textile products, it will be important to have overseas manufacturers thoroughly comply with restrictions while particularly keeping in mind the fact that “related laws and regulations of Japan may differ from those of foreign countries which imported products come from” and “the ways to perceive the quality of fashion products are different between countries due to differences in clothing culture.”

Compliance, etc. required for textile-related companies

Responsibilities of textile companies

(Provision of attractive products based on safety and security)



2.2.1 Responsibilities of textile companies (Consumer Basic Act)

A law that prescribes respect for consumers' rights, support for their self-reliance, and other fundamental principles, as well as clarifies the responsibilities of the State, local governments, and businesses, and prescribes the particulars upon which these initiatives are based

[Cabinet Office: consumer contact website]

<http://www.consumer.go.jp/index.html>

2.2.2 Product liability (Product Liability Act, Act on Control of Household Products Containing Harmful Substances)

(1) Product Liability Act

A law that stipulates that a victim is able to make a claim for damages against a manufacturer, etc., when the victim is able to prove that a defect in the manufacturer's product caused damage to life, body, or property

[Cabinet Office: consumer contact website]

<http://www.consumer.go.jp/index.html>

(2) Act on Control of Household Products Containing Harmful Substances

A law that requires that harmful substances contained in household products be no higher than a predetermined threshold in order to protect the health of the public

[Ministry of Health, Labour and Welfare: website on household product safety measures]

<http://www.nihs.go.jp/mhlw/chemical/katei/kateiindex.html>

2.2.3 Quality labeling (Household Goods Quality Labeling Act, Act against Unjustifiable Premiums and Misleading Representations, Pharmaceutical Affairs Law)

(1) Household Goods Quality Labeling Act

A law that requires labeling of the composition of fibers, handling methods such as laundry symbols, water repellency (coats only), company name, and contact information for textile products subject to this law to provide consumers with information necessary to purchase products

[Ministry of Economy, Trade and Industry: website on the Household Goods Quality Labeling Act]

<http://www.meti.go.jp/policy/consumer/seian/hinpyo/index.htm>

(2) Act against Unjustifiable Premiums and Misleading Representations

Inappropriate labeling and provision of excessive prizes can adversely affect consumers' choice of goods and services and hinder fair competition. For this reason, this Act regulates the appropriate labeling, etc. In addition, the notification of the Act provides the definition of country of origin. It is important to appropriately label country of origin so that consumers will not misunderstand. An industry declaration has been made regarding the country of origin labeling.

[Japan Fair Trade Commission: website on the Act against Unjustifiable Premiums and Misleading Representations]

<http://www.jftc.go.jp/keihyo/index.html>

(3) Pharmaceutical Affairs Law

A law that regulates pharmaceuticals, quasi-drugs, cosmetics, and medical devices, etc. When advertising textile products, it is necessary to make sure not to violate the law (especially when advertising specific efficacy)

[Ministry of Health, Labour and Welfare: website of the Ministry of Health, Labour and Welfare]

<http://www.mhlw.go.jp/>

2.2.4 Response to product accidents (Consumer Products Safety Act)

A law that requires companies to report to the competent minister within 10 days of becoming aware of a serious accident caused by a textile product if the accident causes an injury, loss of a limb, or death to a consumer, etc.

[Ministry of Economy, Trade and Industry: website on the product safety guidelines]

http://www.meti.go.jp/product_safety/index.html

Information on minor accidents and near-miss incidents that are not serious is collected by the National Institute of Technology and Evaluation (NITE) using an optional system.

[National Institute of Technology and Evaluation: website on life and safety]

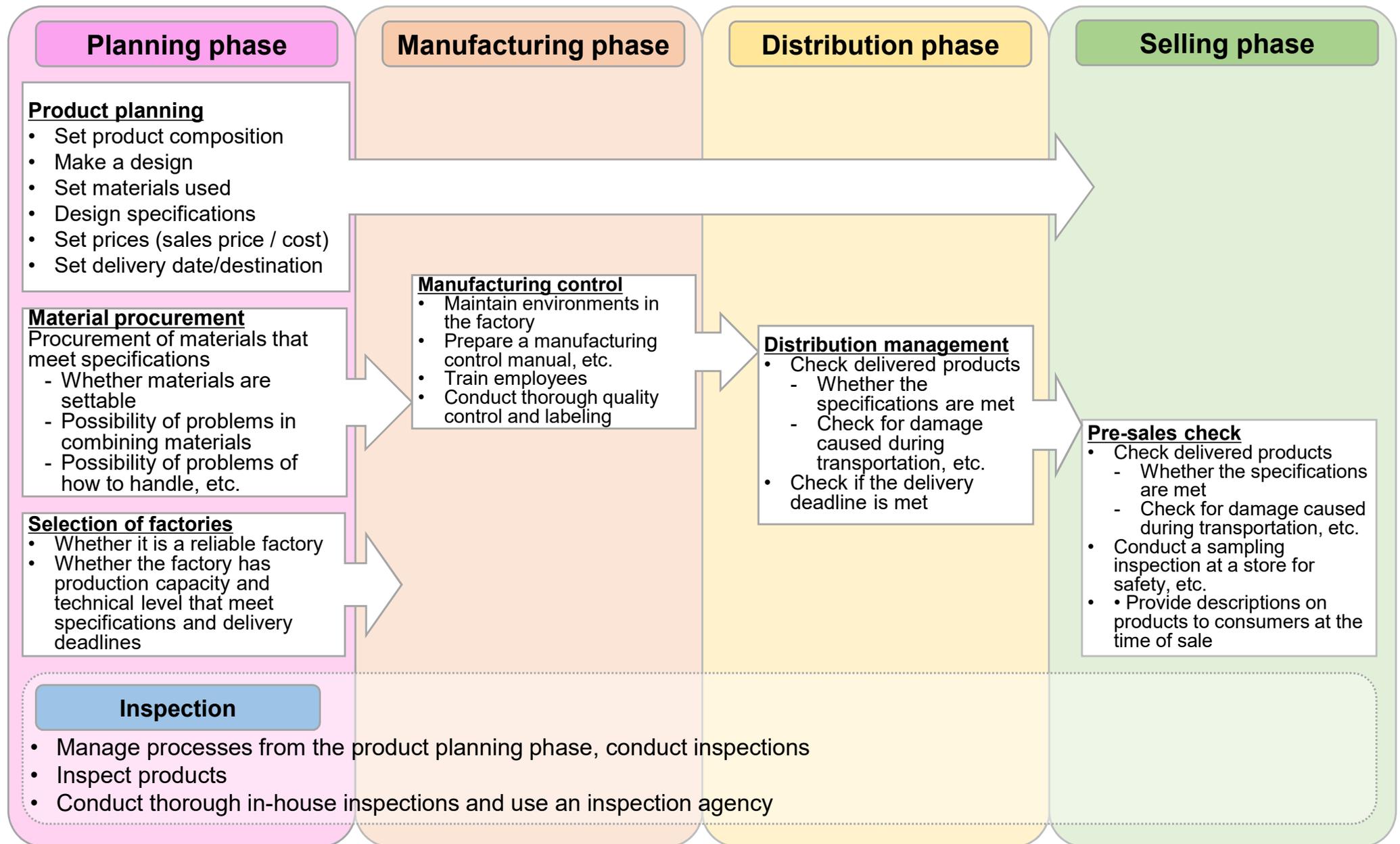
<http://www.jiko.nite.go.jp>

In addition, the Ministry of Economy, Trade and Industry requires companies to provide details in case of a product recall in order to understand the recall status, etc.

[Ministry of Economy, Trade and Industry: website on the product safety guidelines]

http://www.meti.go.jp/product_safety/index.html

2.3 Main things to note from planning phase to delivery to consumers



2.3.1 Planning phase

(1) Roles

- i. Design products and check quality to provide safe and secure products to consumers
- ii. Check quality performance
 - Compliance with relevant laws and regulations (labeling items, safety)
 - Setting and checking of quality standards
 - Appropriate explanation and labeling for consumers
- iii. Build a total quality control system that centralizes processes from product design to sales
- iv. Investigate the cause of consumer accidents and develop recurrence prevention measures (quality PDCA cycle)

(2) Things to pay attention to

- i. Quality required for planning and design
 - a. Compliance with laws and regulations / company standards
 - b. Quality check
 - Safety check: Safety of processing agents (chemical irritation), no physical irritation, no surface flash, no odor, safety is secured in terms of design and manufacturing
 - Composition labeling, physical properties, fastness, country of origin labeling, etc.
- ii. Check on quality required for manufacture
 - Product inspection (check on the quality based on the design): quality check on each process including raw materials (knitting, weaving, dyeing), sewing, and dimensions
 - Needle detection, etc. (detect dangerous substances that are mixed in)
- iii. Check on quality desired by consumers
 - Check for variation in quality
 - Check that the labeling information such as composition, handling precautions, and country of origin, is appropriate
 - Check for dimensional change and problem in appearance after dry cleaning

(3) Initiative

- i. Set quality standards and build a quality control system
- ii. Select reliable and credible business partners to ensure thorough compliance with quality standards and related laws and regulations
- iii. Understand the sites involved in all processes from manufacture to delivery (information sharing with trading houses and importers)
- iv. Formulate a manual for crisis management and response in case of product accidents

2.3.2 Manufacturing phase

(1) Roles

- i. Outsource product processing or product manufacture to overseas manufacturers (factories)
- ii. When outsourcing, ensure thorough manufacturing processes and quality control to provide consumers with safe and secure products
- iii. In addition, manufacture products that meet the requirements of clients

(2) Things to pay attention to

- i. Check on quality of fabric and materials
 - Confirm who is the supplier of fabric and secondary materials to obtain physical property inspection data
 - Obtain actual fabric and secondary materials from a manufacturer to conduct physical property inspections including the mixing ratio at an inspection agency
- ii. Manufacture
 - Collaborate with reliable business partners (based on business conditions and past business performance)
 - Check the factory in which sewing is actually performed (sewing line)
 - Directly visit the factory and check the following:
 - Environmental maintenance in the factory (how much the factory is organized)
 - Sewing technology and manufacturing efficiency
 - Handling of dangerous materials such as needles, scissors, and cutter knives
 - Equipment in use such as sewing machines, cutting machines, and pressing machines (also check oil, factory water, dyes, paints, etc.)
 - Packaging status (including materials in use)
 - Risk of contamination with hazardous substances such as formalin in the manufacturing phase
 - Send inspectors (engineers) from Japan
- iii. Before export
 - Obtain actual products and inspect physical properties of the products at an inspection agency
 - Conduct a sampling inspection at an inspection agency or 100% inspection

(3) Initiative

- i. Improve quality control by training inspectors (engineers) who are hired locally (learning PDCA cycle and QC activities)
- ii. Conduct product inspections using the local company's logistics
- iii. **It is important to stop problematic products before export**

2.3.3 Distribution phase

(1) Roles

- i. Check quality labeling and country of origin labeling when importing
- ii. Notify product delivery destinations of information on labeling details, etc.
- iii. Ensure safety and the route of transportation, etc.

(2) Things to pay attention to

- i. Check on matters related to quality labeling and country of origin labeling
 - Check using documents such as contracts when signing an import contract or placing an order
 - Match details of contracts to trade-related documents (invoice, packing list, etc.), and conduct verification
 - In case of doubt about the details, check with the overseas shipper in writing
 - When a question arises about the details, conduct a verification or entrust a third party with the verification including on-site investigation
- ii. Notification of information
 - Purchase type
Importers obtain and hold information on quality and the origin from an overseas business partner, and notify domestic business partners of the information
 - OEM type
Information on quality and the origin is shared with domestic business partners. If there is information that domestic business partners have not recognized, the information is notified to them
- iii. Transportation
 - Select and secure reliable shipping agencies, carriers, customs brokers, etc.
 - Check on packaging status and prevent damage and contamination, etc. during transportation

(3) Initiative

- i. Encourage written confirmation of quality information, etc.
- ii. Enhance inspections before shipment
- iii. **It is important to stop problematic products before delivery**

2.3.4 Selling phase

(1) Roles

- i. Assure quality as the last fort immediately before delivering to consumers
- ii. Purchase and sell products with reliable quality that consumers can purchase with peace of mind
- iii. Select reliable business partners
- iv. Integrate quality requirements of consumers into product standards
- v. Provide appropriate quality information to consumers

(2) Things to pay attention to

- i. Always obtain data that can contribute evidence
- ii. Check if data is reliable
- iii. Conduct a sampling inspection of products in stores to check quality

(3) Initiative

- i. Develop measures against the current situation in which it is difficult to obtain data due to shorter delivery time from manufacturing to sales
- ii. Make efforts to understand the quality control status of business partners
- iii. Promote information sharing on quality problems with the quality control department of business partners
- iv. Centralize manufacturing history using information tools (websites, IC tags, etc.)
- v. Promote prior confirmation of product information to be posted on company media, etc.
- vi. **It is important to stop problematic products before sales**

2.3.5 Inspection (Inspection agencies)

While textile products are inspected by each business at each phase of planning, manufacture, distribution, and sale, inspection agencies function as third-party organizations that conduct inspections from a fair and neutral standpoint based on requests from businesses.

The following describes the roles of inspection agencies, things to pay attention to, and initiative.

(1) Roles

- i. Responsibility to conduct inspections from a fair and neutral position
 - Provide appropriate inspection results as a third party
- ii. Provide information that contributes to the development of the textile industry
 - Provide information on laws and regulations, quality evaluation, and quality control
 - Advise on laws and regulations, quality evaluation, and quality control
 - Advise on measures for handling complaints

(2) Things to pay attention to

- i. Secure and enhance resources (human resources, equipment for evaluation) to perform appropriate evaluation
- ii. Train human resources to have abilities to provide explanations and advice on laws and regulations, quality evaluation, and quality control, and deploy them appropriately
- iii. Prepare a framework to collect and provide information related to laws and regulations, quality evaluation, and quality control

(3) Initiative

- i. Information on inspection agencies
Contact information of each inspection agency's internal and external offices and information owned by inspection agencies related to quality evaluation can be obtained from the website of each inspection agency or the website of the Japan Textile Evaluation Technology Council (JTETC) (<http://www.sengikyo.or.jp>).
- ii. Information owned by the JTETC
 - Interpretation and Q&A regarding the Textile Goods Quality Labeling Regulations
 - JIS information managed by the JTETC
 - Trend of ISO Standards related to TC38 (textiles)
 - "Manual for country of origin labeling in the apparel industry" formulated by the Japan Apparel Fashion Industry Council (link)
- iii. JIS information
All JIS standards can be viewed on the website of the Japan Industrial Standards Committee (JISC) (<http://www.jisc.go.jp/>). The main JIS standards related to textile products are included in the "JIS Handbook (textiles)" which is published by the Japanese Standards Association every year.

Chapter 3

Issues that can be learned in the past and areas
for improvement

3.1 Violation of the Act against Unjustifiable Premiums and Misleading Representations due to country of origin mislabeling of imported trousers

(1) Overview

In November 2004, an importer and an apparel company that violated the Act against Unjustifiable Premiums and Misleading Representations by mislabeling Romanian products as Italian on inside clothing tags and hang tags (mislabeling of country of origin) were ordered by the Japan Fair Trade Commission to remove the products from the market.

(2) Issues

- i. The definition of country of origin labeling in "Act against Unjustifiable Premiums and Misleading Representations" was not thoroughly communicated
- ii. Checking method and information on country of origin were not shared among trading companies from manufacture to sales
- iii. There was no manual concerning the definition of country of origin for clothing products

(3) Measures

- i. Related industry groups to hold seminars and companies to conduct in-house education in order to communicate the definition of country of origin labeling in the "Act against Unjustifiable Premiums and Misleading Representations"
- ii. Statement of guidelines for the principle of how to check country of origin and information disclosure method to business partners "Initiatives by the textile industry to promote proper country of origin labeling of textile products"
Japan Textiles Importers Association: Guidelines for proper country of origin labeling of imported clothing, etc.
- iii. Establish a "manual for country of origin labeling in the apparel industry"

3.2 Violation of the Act against Unjustifiable Premiums and Misleading Representations due to mislabeling of a cashmere product

(1) Overview

In July 2007, the Japan Fair Trade Commission recognized the fact that cashmere clothing including sweaters sold by a company handling cashmere products violated the Act against Unjustifiable Premiums and Misleading Representations, and ordered the company to remove the products from the market.

(2) Issues

- i. The company was not able to take effective measures such as strengthening quality control against environmental changes including insufficient supply of raw cashmere
- ii. There was a tendency to excessively depend on manufacturers for quality control, and trading house, clothing manufacturer, distributors, and retailers lacked the attitude of conducting self-checks

(3) Measures

- i. Instead of excessively depending on manufacturers for quality control, review quality control standards to take initiative in quality control, and ensure that employees are thoroughly informed and that they comply with the standards
- ii. Pay attention to local information and make sure to entrust manufacture to a reliable manufacturer

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**6th floor, Sen-i Kaikan, 3-1-11 Nihonbashi-honcho,
Chuo-ku, Tokyo 103-0023**

TEL:03-3270-8192 / FAX:03-3270-8194

[URL: http://www.jtf-net.com/](http://www.jtf-net.com/)