Step 2 Sustainability

Online Course

UNIT 8
Contractual, Social and Trade Legislation

How to Implement Sustainable Manufacturing in Footwear
- New Occupational Profile and Training Opportunities -

How to Implement Sustainable Manufacturing in Footwear - New Occupational Profile and Training Opportunities

Credits

Title
UNIT 8 - Contractual, Social and Trade Legislation

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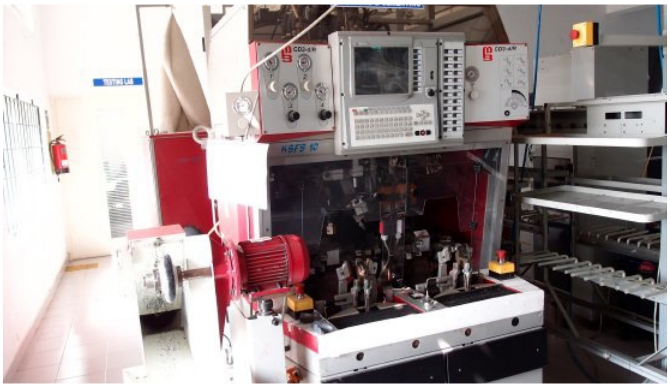
1. Introduction

Sustainability as a way of life – defined and proactively pursued. An industry all employees want and are proud to work – The "FACTORY of the FUTURE".

Sustainability for people, planet and profit
An apparel and footwear industry that produces no unnecessary environmental harm and has a positive impact on the people and communities associated with its activities. The value chain and product lifecycle achieved transparency and accountability

Consumers choose products based on trusted sustainability information

- Possibility of job growth
- **Access**
- Career goals
- Career progression
- Leadership skills



F1. Automatic tearing shoe machine

Graduate students act as mentors to the underclass
Mentoring - Could be the closest you'll ever get to a business decision that will selectively have a positive impact on your company"

Fit your company – formal/ informal

- Application process
- Match people
- Group vs individuals (get along with each other)

Consult with professional industry

Company executive: trained/experience as mentor
Market volatility

- Commodities fluctuating
- Unemployment
- Cost blocks: infrastructure, labor, logistics

Leads to

- Product life cycles
- Customer behavior
- Price volatility
- Supply lines

Recent survey Accenture: Executives

- 70% Inability to predict future
- 80% Resilience with supply chain

Supply Chain integration past
Slowest/ weakest tying key operations

Try to do economic valuation of the environmental impacts along its entire value chain. First step to reduce your environmental impact is to know your impact.

Social sustainability: Respect for the rights of all individuals, Respect for the community and environment, Ethical and responsible conduct in all of our operations including our own manufacturing plants, Social compliance is more important than best price and service providing to Buyers

Social Directly impacted the damage of brand reputation if:

- Negative media / NGO report can reduce demand
- Reduced demand can result in reduced orders
- Reduced orders can result in factories going out of business and cutting
- internal positions

2. National, European and international markets

Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship or responsible business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. With some models, a firm's implementation of CSR goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law." CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others.

CSR is titled to aid an organization's mission as well as a guide to what the company stands for to its consumers. Business ethics is the part of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment. ISO 26000 is the recognized international standard for CSR. Public sector organizations (the United Nations for example) adhere to the triple bottom line (TBL). It is widely accepted that CSR adheres to similar principles, but with no formal act of legislation.

2.1. Sustainable Business

Is built on sharing values between the company and its surrounding. Sustainable manufacturing contains a whole range of topics specific for the sector, in which the company is active. It is often used as synonym to CSR, however the view is much more complex and primary it is a new way of company management, which takes into account different social, environmental, economic and ethic factors in business strategy. This attitude supposes that companies are managed in order not only to bring long term profits to shareholders or owners, but also their activity is beneficial and respectful to the whole society.

3. Global sourcing, industry relocation and its impact on environment

3.1. Globalization and Global sourcing

Definition of globalization is defined as the process of international integration arising from the interchange of world views, products, ideas and other aspects of culture.[1][2] Advances in transportation and telecommunications infrastructure, including the rise of the telegraph and its development the Internet, are major factors in globalization, generating further interdependence of economic and cultural activities. Large-scale globalization began in the 19th century. In the late 19th century and early 20th century, the connectedness of the world's economies and cultures grew very quickly.

There is perhaps no more frequently asked question in the global shoe business than 'What's the next China? The biggest issues are costs, worker availability and investment in shoe making infrastructure. As the following demonstrates, neither any one alternative country nor any combination of other sources will, anytime in the foreseeable future, draw the massive infrastructure investment needed to supplant China. While cost and labor availability issues will continue to plague shoe production in China, they will not derail its dominance as new sourcing options open up in China and existing infrastructure is modified to be more efficient.

F2. Shoe production in India

Of course a drastic run up in the value of the China Yuan versus the US dollar could make China production so expensive as to make sourcing companies desperate enough to try more producers in other countries. A shift to a much stronger currency in China does not seem too likely given the devastating effect it would have on millions of jobs in China's vast export sectors. China's leaders are much attuned to the adverse consequences that such a shift would have on social stability.

Global Sourcing Leader - China. In 2012 China accounted for about two thirds of global shoe production among the largest producers and about the same proportion of global shoe exports. With shoe production estimated at some 13.5 billion pair and footwear exports nearly 10.1 billion pair, China dwarfs all other producers. In fact it has more production and exports than the entire group of other major shoe producers in the world, as the table below demonstrates. In 2013, it is estimated that China's shoe exports will increase by some 4.0% in units and nearly 7.0% in value, the largest export gain in recent years.

World footwear supply in China production in 2012 was 13,500 millions of pairs and export was 10,071 millions of pairs. In EU the production it was 592 millions of pairs and export was 217 millions of pairs.

This impressive export performance comes despite the quadrupling of factory worker costs to an average of about $2.00 per hour from less than $0.50 per hour in 2005. The run up is due to

- large and relentless government mandated minimum wage increases,
- stricter enforcement of overtime and social cost payments,
- chronic and systemic labor shortages,
- environmental law implementation,
- inflation in food, fuel, electricity, water, and perhaps most important
- China currency that is nearly 30% stronger today against the dollar than it was in 2005.

Many producers are working to improve productivity in their existing investments. Others have added living space for couples, improved dormitory/meals conditions, expanded educational opportunities, etc., to help entice migrant workers to remain with the company longer. Increasingly though, entrepreneurs are recognizing the limits of improving worker labor issues at existing facilities in the Pearl River Delta. They are establishing either factory and/or stitching facilities inland in China where workers are still available and costs are lower than those in the Pearl River Delta area.

China's road and rail infrastructure has made moving materials and executives (by the high speed rail system) all over China easy and efficient, opening many new and profitable options for keeping shoe production in China. Indeed, many overseas buyers have moved sourcing programs to well established China shoemaking clusters that have not traditionally been used by such buyers. China's dominance is perhaps best seen in its huge presence in the US shoe market. In 2013 China accounted for some 82% by volume of shoes imported into the US, about the same level it enjoyed a decade ago, but less than its all-time high of 89% of shoe imports it achieved before the Great Recession in 2008. (China has an import volume share in the EU of about 76%, but in Europe imports only account for 85% of the market, while they are 99% of the US market.)

Financial regulation and supervision in European Union

Integration of financial markets follows the business logic, not the logic of national borders. However, the historical arrangement of financial regulation and supervision in the European Union is characterized by great diversity, and efforts to further advance the integration of European financial services market is therefore largely complicated. It is based on four principles:

- harmonization of financial regulation by European law, in particular through the relevant directives,
- mutual recognition of national rules which are not harmonized,
- national competence in the area of supervision and newly the principle of primary control by the home regulatory authority for banks operating in several EU countries
- assumption of close cooperation between national regulators.

3.2. International markets

Due to the increasing liberalization of international business environment, companies can choose ever wider spectrum of business forms in international markets. SMEs usually start a business in the form of export and import operations, large companies combine various forms according to the chosen strategy for targeted foreign markets. The decisions on how the company enters into foreign markets, is a key decision. An enterprise can choose a variety of forms for the entry, but the choice of a particular strategy is primarily influenced by the following factors:

- Investment difficulty in entering the foreign market
- The resources available to the firm
- The potential of target market
- Ability to control international business activities
- Business riskiness on targeted foreign markets
- The competitiveness of the company in an international environment

3.3. Sustainability – sustainable business

Sustainably operating companies must increasingly adapt their business models to the situation where they ensure the profits, while using ever lower resources. Why? Commodity prices are rising globally, customers are increasingly demanding so called responsible products and according to the knowledge economy quality employees are the key for business success. Companies that seizes this opportunity can obtain or maintain the necessary competitive edge.

3.3.1. Cost-benefit analysis

In competitive markets cost-benefit analysis of CSR initiatives, can be examined using a resource-based view (RBV). According to Barney (1990) "formulation of the RBV, sustainable competitive advantage requires that resources be valuable (V), rare (R), inimitable (I) and non-substitutable (S)." A firm introducing a CSR-based strategy might only sustain high returns on their investment if their CSR-based strategy could not be copied (I). However, should competitors imitate such a strategy, that might increase overall social benefits. Firms that choose CSR for strategic financial gain are also acting responsibly. [3]

RBV presumes that firms are bundles of heterogeneous resources and capabilities that are imperfectly mobile across firms. This imperfect mobility can produce competitive advantages for firms that acquire immobile resources. McWilliams and Siegel (2001) examined CSR activities and attributes as a differentiation strategy. They concluded that managers can determine the appropriate level of investment in CSR by conducting cost benefit analysis in the same way that they analyze other investments.

Reinhardt (1998) found that a firm engaging in a CSR-based strategy could only sustain an abnormal return if it could prevent competitors from imitating its strategy.

Scope

Initially, CSR emphasized the official behavior of individual firms. Later, it expanded to include supplier behavior and the uses to which products were put and how they were disposed of after they lost value.

Supply chain

A supply chain is a system of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer. Supply chain activities involve the transformation of natural resources, raw materials, and components into a finished product that is delivered to the end customer. In sophisticated supply chain systems, used products may re-enter the supply chain at any point where residual value is recyclable. Supply chains link value chains. Implementation.[4]

Engagement plan

An engagement plan can assist in reaching a desired audience. A corporate social responsibility individual or team plans the goals and objectives of the organization. As with any corporate activity, a defined budget demonstrates commitment and scales the program's relative importance.

3.4. Accounting, auditing and reporting

Social accounting is the communication of social and environmental effects of a company's economic actions to particular interest groups within society and to society at large. Social accounting emphasizes the notion of corporate accountability. Crowther defines social accounting as "an approach to reporting a firm's activities which stresses the need for the identification of socially relevant behavior, the determination of those to whom the company is accountable for its social performance and the development of appropriate measures and reporting techniques."

Many companies produce externally audited annual reports that cover **Sustainable Development** (SD) and CSR issues ("Triple Bottom Line Reports"), but the reports vary widely in format, style, and evaluation methodology (even within the same industry). Critics dismiss these reports as lip service, citing examples such as Enron's yearly "Corporate Responsibility Annual Report" and tobacco companies' social reports.

In South Africa, as of June 2010, all companies listed on the Johannesburg Stock Exchange (JSE) were required to produce an integrated report in place of an annual financial report and sustainability report. An integrated report reviews environmental, social and economic performance alongside financial performance. This requirement was implemented in the absence of formal or legal standards. An Integrated Reporting Committee (IRC) was established to issue guidelines for good practice.

Sustainable development is a process for meeting human development goals while maintaining the ability of natural systems to continue to provide the natural resources and ecosystem services upon which the economy and society depend. While the modern concept of sustainable development is derived most strongly from the 1987 Brundtland Report, it is rooted in earlier ideas about sustainable forest management and twentieth century environmental concerns.

Sustainable development is the organizing principle for sustaining finite resources necessary to provide for the needs of future generations of life on the planet. It is a process that envisions a desirable future state for human societies in which living conditions and resource-use continue to meet human needs without undermining the "integrity, stability and beauty" of natural biotic systems.[5]

Sustainability can be defined as the practice of reserving resources for future generation without any harm to the nature and other components of it. Sustainable development ties together concern for the carrying capacity of natural systems with the social, political, and economic challenges faced by humanity. Sustainability science is the study of the concepts of sustainable development and environmental science. There is an additional focus on the present generations' responsibility to regenerate, maintain and improve planetary resources for use by future generations. [6]

Sustainable development has its roots in ideas about sustainable forest management which were developed in Europe during the seventeenth and eighteenth centuries.[5][6] In response to a growing awareness of the depletion of timber resources in England, John Evelyn argued that "sowing and planting of trees had to be regarded as a national duty of every landowner, in order to stop the destructive over-exploitation of natural resources" in his 1662 essay Sylva. In 1713 Hans Carl von Carlowitz, a senior mining administrator in the service of Elector Frederick Augustus I of Saxony published Sylvicultura oeconomica, a 400-page work on forestry. Building upon the ideas of Evelyn and French minister Jean-Baptiste Colbert, von Carlowitz developed the concept of managing forests for sustained yield. His work influenced others, including Alexander von Humboldt and Georg Ludwig Hartig, leading in turn to the development of a science of forestry. This in term influenced people like Gifford Pinchot, first head of the US Forest Service, whose approach to forest management was driven by the idea of wise use of resources, and Aldo Leopold whose land ethic was influential in the development of the environmental movement in the 1960s.[5]

3.5. Common actions

Common CSR actions include:

- Environmental sustainability: recycling, waste management, water management, renewable energy, reusable materials, 'greener' supply chains, reducing paper use and adopting Leadership in Energy and Environmental Design (LEED) building standards.[7]
- Community involvement: This can include raising money for local charities, providing volunteers, sponsoring local events, employing local workers, supporting local economic growth, engaging in fair trade practices, etc.
- Ethical marketing: Companies that ethically market to consumers are placing a higher value on their customers and respecting them as people who are ends in themselves. They do not try to manipulate or falsely advertise to potential consumers. This is important for companies that want to be viewed as ethical.

Ethics training

The rise of ethics training inside corporations, some of it required by government regulation, has helped CSR to spread. The aim of such training is to help employees make ethical decisions when the answers are unclear. The most direct benefit is reducing the likelihood of "dirty hands", fines and damaged reputations for breaching laws or moral norms. Organizations see increased employee loyalty and pride in the organization.

Social license

“Social license” refers to a local community’s acceptance or approval of a company. Social license exists outside formal regulatory processes. Social license can nevertheless be acquired through timely and effective communication, meaningful dialogue and ethical and responsible behavior. Policy Implications:

- Local conditions, needs, and customs vary considerably and are often opaque, but have a significant impact on the likely success of various approaches to building social capital and trust. These regional and cultural differences demand a flexible and responsive approach and must be understood early in order to enable the development and implementation of an effective strategy to earn and maintain social license.
- Governments could facilitate the necessary stakeholder mapping in regions for which they are responsible and provide a regulatory framework that sets companies on the right path for engagement with communities and stake holders.
- Social media tools empower stakeholders and communities to access and share information on company behaviors, technologies, and projects as they are implemented around the world. Understanding and managing this reality will be important for companies seeking social license
- Voluntary measures integral to corporate - responsibility frameworks contribute to achieving social license, particularly through enhancing a company’s reputation and strengthening its capacity for effective communication, engagement, and collaboration.
- The growing reliance on social media tools by stakeholders and proponents alike, and the risks associated with disclosure through them, may lead to an increased need for the development of guiding ethical and technical codes of conduct or other standards [8]

Triple bottom line

"People, planet and profit", also known as the triple bottom line form one way to evaluate CSR. "People" refers to fair labour practices, the community and region where the business operates. "Planet" refers to sustainable environmental practices. Profit is the economic value created by the organization after deducting the cost of all inputs, including the cost of the capital (unlike accounting definitions of profit). [9],[10]

This measure was claimed to help some companies be more conscious of their social and moral responsibilities. However, critics claim that it is selective and substitutes a company's perspective for that of the community. Another criticism is about the absence of a standard auditing procedure.

Human resources

A CSR program can be an aid to recruitment and retention, particularly within the competitive graduate student market. Potential recruits often consider a firm's CSR policy. CSR can also help improve the perception of a company among its staff, particularly when staff can become involved through payroll giving, fundraising activities or community volunteering. CSR has been credited with encouraging customer orientation among customer-facing employees.

3.5.1. Risk management

Managing risk is an important executive responsibility. Reputations that take decades to build up can be ruined in hours through corruption scandals or environmental accidents. These draw unwanted attention from regulators, courts, governments and media. CSR can limit these risks.

Brand differentiation

CSR can help build customer loyalty based on distinctive ethical values Some companies use CSR methodologies as a strategic tactic to gain public support for their presence in global markets, helping them sustain a competitive advantage by using their social contributions as another form of advertising.

Reduced scrutiny

Corporations are keen to avoid interference in their business through taxation and/or regulations. A CSR program can persuade governments and the public that a company takes health and safety, diversity and the environment seriously, reducing the likelihood that company practices will be closely monitored.

Supplier relations

Appropriate CSR programs can increase the attractiveness of supplier firms to potential customer corporations. E.g., a fashion merchandiser may find value in an overseas manufacturer that uses CSR to establish a positive image—and to reduce the risks of bad publicity from uncovered misbehavior.

Criticisms and concerns

CSR concerns include its relationship to the purpose of business and the motives for engaging in it.

Motives

Some critics believe that CSR programs are undertaken by companies to distract the public from ethical questions posed by their core operations. They argue that the reputational benefits that CSR companies receive (cited above as a benefit to the corporation) demonstrate the hypocrisy of the approach.

Misdirection

Another concern is that sometimes companies use CSR to direct public attention away from other, harmful business practices.

Controversial industries

Industries such as tobacco, alcohol or munitions firms make products that damage their consumers and/or the environment. Such firms may engage in the same philanthropic activities as those in other industries. This duality complicates assessments of such firms with respect to CSR.

Stakeholder influence

One motivation for corporations to adopt CSR is to satisfy stakeholders. Branco and Rodrigues (2007) describe the stakeholder perspective of CSR as the set of views of corporate responsibility held by all groups or constituents with a relationship to the firm. In their normative model the company accepts these views as long as they do not hinder the organization. The stakeholder perspective fails to acknowledge the complexity of network interactions that can occur in cross-sector partnerships. It relegates communication to a maintenance function, similar to the exchange perspective.

Ethical consumerism

The rise in popularity of ethical consumerism over the last two decades can be linked to the rise of CSR. Consumers are becoming more aware of the environmental and social implications of their day-to-day consumption decisions and in some cases make purchasing decisions related to their environmental and ethical concerns.

Socially responsible investing

Shareholders and investors, through socially responsible investing are using their capital to encourage behavior they consider responsible. However, definitions of what constitutes ethical behavior vary. For example, some religious investors in the US have withdrawn investment from companies that violate their religious views, while secular investors divest from companies that they see as imposing religious views on workers or customers.

Creating shared value

Non-governmental organizations are also taking an increasing role, leveraging the media and the Internet to increase the visibility of corporate behavior. Through education and dialogue, the development of community awareness in pushing businesses to change their behavior is growing.

Creating Shared Value (CSV) claims to be more community aware than CSR. Several companies are refining their collaboration with stakeholders accordingly.
Public policies

Some national governments promote socially and environmentally responsible corporate practices. The heightened role of government in CSR has facilitated the development of numerous CSR programs and policies.

Regulation

Fifteen European Union countries actively engaged in CSR regulation and public policy development. CSR efforts and policies are different among countries, responding to the complexity and diversity of governmental, corporate and societal roles. Studies claimed that the role and effectiveness of these actors were case-specific.

Laws

The reporting requirements became effective on 1 January 2009. The required information included:

- CSR/SRI policies
- How such policies are implemented in practice
- Results and management expectations

Crises and their consequences

During the cow disease "BSE" there was a mass slaughter of the infected livestock and the impact on production of footwear was a rapid increase of raw leather price. Consumers then bought cheaper shoes and became more modest.

Geography

Corporations that employ CSR behaviors do not always behave consistently in all parts of the world. Conversely, a single behavior may not be considered ethical in all jurisdictions.

4. Export regulations, licensing and certifications in the footwear sector

Import and export operations are the simplest form of companies entry into foreign markets. This form is often seen as one that does not require a large investment apart from investment mainly in marketing. It is necessary to make quality market research and get relevant information, which the company will use and adapt its production to specific market. When exporting, company can use a range of business methods and cooperate with different subjects, e.g. intermediators, exclusive dealers, sales representatives, nominees or commissioners. According to the international standards, the contracting parties can choose the legal system, but it is possible to use standard contracts of international organizations, such as. International Chamber of Commerce, which can be an advantage in case of any dispute.

Comprehensive sourcing, relocating industry and its impact on the environment

The need for moving goods and persons in time and space is closely related to the most basic human needs, both in history and in the present. Approximately 30 years ago, the US began to move production of sports shoes to China. About 20 years ago, Europe started to move production of all kinds of shoes to countries in the Far East (China, Vietnam, South Korea). Relocation of shoe production in Europe from traditional lands into the eastern countries - eg. Turkey and after admission to EU also Romania and Bulgaria. There are lower requirements on environmental policy, lower costs of labour forces etc. in these countries.

Transport is linked with virtually every sector of human activity. With the continuous development of industry, economy, international cooperation, but also an effort to continuously improve the standard of living there is also the development of this field. The requirements for the quality and range of services connected with the process of transport continue to increase, leading to constant efforts to modernize and upgrade technical equipment used in transport, while also finding efficient technological processes, unfortunately, this happens at the expense of the environment.

Waste management and waste treatment

Integrated measures in the production process, either directly or indirectly restrict the production of waste. It is important that the generated waste was further processed, firstly by sorting into different types, which can be efficiently processed. There are many possibilities to recycle or reuse organic waste:

- Production of gelatine and glue from untanned waste, the production of food casings in some EU countries.
- Gaining fat from clippings in rendering plants, machine glue clippings and splits from unlimed bovine skins. Limed waste of this kind requires some processing before the next conversion.
- Obtaining protein hydrolyzate, eg. from splits, and his conversion to fertilizer.
- Acquisition of collagen from limed chips and splits. Collagen is variously usable as food and baking additive, in pharmaceuticals and cosmetics, and as an additive in rubber.
- Tanned wastes are usable for the production of fibrous leather.

Monitoring

Standardized analysis and technical measurements exist for the purpose of monitoring the wastewater treatment parameters. The necessary data are frequently expressed in concentrations or relate to weight of processed raw hides or finished leather. It causes, that these data are difficult to compare. However, such monitoring is very important.

4.1. ECO label

Eco-labels and **Green Stickers** are labeling systems for food and consumer products. Ecolabels are voluntary, but green stickers are mandated by law; for example, in North America major appliances and automobiles use Energy Star. They are a form of sustainability measurement directed at consumers, intended to make it easy to take environmental concerns into account when shopping. Some labels quantify pollution or energy consumption by way of index scores or units of measurement, while others assert compliance with a set of practices or minimum requirements for sustainability or reduction of harm to the environment. Many ecolabels are focused on minimising the negative ecological impacts of primary production or resource extraction in a given sector or commodity through a set of good practices that are captured in a sustainability standard. Through a verification process, usually referred to as "certification", a farm, forest, fishery, or mine can show that it complies with a standard and earn the right to sell its products as certified through the supply chain, often resulting in a consumer-facing ecolabel.

F3. Eco label

Ecolabelling systems exist for both food and consumer products. Both systems were started by NGOs, since then the European Union have developed legislation for conduct of ecolabelling and also have created their own ecolabels, one for food and one for consumer products. Label trust is an issue for consumers because as manufacturers and manufacturing associations have set up "rubber stamp" labels to greenwash their products with fake ecolabels. High trust levels can be created when ecolabels apply for Governmental recognition as formal Certification Marks [recognized by logos or names with 'CTM', CM or 'CertTM']. Typically this means schemes approved as a Certification Mark, have had the Government Department responsible declare that the scheme has a standard and certifies that they are 'Competent to Certify'. The highest trust levels would be a government recognized certification mark that was also compliant with key ISO standards especially ISO 14024- Type 1 Ecolabels that undertake ISO 14040 compliant life cycle analysis as part of their assessment.

The EU Ecolabel helps you identify products and services that have a reduced environmental impact throughout their life cycle, from the extraction of raw material through to production, use and disposal. Recognised throughout Europe, EU Ecolabel is a voluntary label promoting environmental excellence which can be trusted. [11]

The "Blue Angel" is a voluntary environmental labeling program created in 1978. It is the oldest environment-related label in the world. The mark is awarded to products and services, which are beneficial to the environment. High standards of occupational health and safety, ergonomics, economical use of raw materials, service life and disposal are also factors covered under this "seal of approval."

According to the German Ministry for Environmental Affairs, the Blue Angel offers companies the opportunity to document their environmental competence in a simple and inexpensive way, thereby enhancing their market image. About 3,700 products and services have been awarded the label, including, recently, mobile phones and marine transport.

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at:
http://buyusainfo.net/docs/x_366090.pdf

Labeling and Marking

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of member states to require the use of the language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.

Applications to display the eco-label should be directed to the competent body of the member state in which the product is sold. The application fee will be somewhere between €275 and €1600 depending on the tests required to verify if the product is eligible, and an annual fee for the use of the logo (typically between $480 to $2000), with a 20% reduction for companies registered under the EU Eco-Management and Audit Scheme (EMAS) or certified under the international standard ISO 14001. Discounts are available for small and medium sized enterprises (SMEs).

Key Links: Eco-label Home Page
http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index_en.htm

4.2. Leather footwear exports Growing in India

According to the Council for Leather Exports (CLE) leather footwear exports reached 2 277.5 million US dollars during fiscal year 2014-15, growing 11.9% from the previous year.

Using data from the Directorate General of Commercial Intelligence and Statistics (DGCI&S) the CLE estimates that sales abroad of leather, leather products and footwear (includes non-leather) for the financial year ended in April 2015 reached 6 494.4 million US dollars, compared to 5 938.0 million US dollars in the previous year. This represents a positive growth of 9.4%. Leather footwear exports totaled 2 277.5 million US dollars in the period, growing 11.9% from the previous year (2 035.5 million US dollars).

In the same period exports of finished leather increased by 3.5% and leather goods by 7.3%. Worth being highlighted is the performance of exports of non-leather footwear, with a significant growth of 51.7%, reaching 306.4 million US dollars during financial year 2014-15.

According to the same source, the main destinations for exports of leather and leather products during financial year 2014-15 were Germany (12.3%), US (11.8%), UK (11.6%) and Italy (7.8%), all together representing roughly 45% of total sales abroad of these products. Italy lost importance as a destination market (declining 2.7% from the previous year), while Germany increase its purchases from India by 4.5%. As for the US and the UK a significant growth of two digits, +12.9% and 13.0% respectively, consolidated these markets' position.

The World Footwear Yearbook estimates that in 2013 India was the 9th largest exporter of footwear with a 1.2% share in total exports. [12]

Top Footwear Exporters 2014

Ever wonder which countries export the most footwear? See the list, which also shows each exporter's percentage of global footwear exports within parenthesis. In 2014, world footwear exports were US$144 billion.

- China 56,3 billion dollars (39,1% of world footwear export)
- Vietnam 13,8 billion dollars (9,6%)
- Italy 12,3 billion dollars (8,5%)

Fastest-Growing Footwear Export Countries

The accompanying list identifies exporters with the fastest-growing international sales of footwear from 2010 to 2014. Overall, the 5-year percentage gain for this exported product was 48.5%

- Kazakhstan Up 2,533 since 2010 (21,8 million dollars)
- Georgia Up 2,419 (4 million dollars)
- Bahrain Up 2,397 (8,8 million dollars)

4.3. Integrated System for Managing Licences (SIGL)

The Integrated System for Managing Exports ad Import Licences, or SIGL (for Système Intégré de Gestion de Licences) provides information on quota levels applied in the European Union for imports of clothing, footwear, steel and wood products. The information on the SIGL website gives the results of the Commission's management of the quotas at any given point in time.

Product safety

Today's consumers are becoming increasingly concerned about the potentially harmful impact of chemicals that are used in consumer products such as footwear. In view of concerns about environmental and public exposures to restricted substances, many national regulations have been issued to restrict or prohibit such chemicals. Since the introduction of REACH regulations in the EU and CPSIA and CA Prop 65 in the US, requirements on restricted substances present in the end consumer products are progressively becoming more stringent. Other emerging markets such as China, Taiwan and Korea also have recently rolled out consumer safety legislations, making it a challenge for the footwear industry to comply with all necessary requirements around the world. Furthermore, pressures also are exerted from many non-governmental organizations that increasingly call upon companies to demonstrate the safety of their products, particularly regarding chemical contents. Harmful chemicals can pose a grave threat to both people and the environment. The presence of hazardous substances or allergenic compounds in a product might result to stop production of footwear. These aspects solve ECOsecure Product Mark Footwear Certification. [13]

4.4. Certifications

Products and processes can be certified. The product certification is divided in obligatory and voluntary (optional) certification. The obligatory certifications are related mainly to work and safety footwear and footwear functioning as a medical device. These products must comply with the standards **Personel protective equimepent – Test methods for footwear (ISO 20344:2011), Personal protective equipment** – Occupational footwear **ČSN EN ISO 20347**, EU Directive on Waste no .: 75/442 / EC, the EU Directive on hazardous waste, no .: 91/689 / EEC, the EU Directive on control of waste shipments, Nr .: EEC 259/93 EU Directive no .: 75 / 439 / EEC on the disposal of waste oils.

F4. Rigidity testing of the soles

Product certification is a process of confirming the conformity of products with the technical regulation requirements. In addition to the risk analysis, testing in accredited laboratory and comparing the products properties with the regulation requirements, it usually includes also the supervision of certified product quality stability during the period of validity. The certificate is often completed by granting a license to use certain certification labels (These are known in the Czech Republic: "ITC certified quality", "Safe Toys", "Giraffe – wholesome footwear"). Product certification can be carried out by an accredited certification body (COV no. 3020), or non-accredited. In the first case, the product properties conformity with the regulation (act, ordinance, standard, directive, etc.) requirements is confirmed, the regulation is stated the accreditation certificate annex. In the second case, any document defining the product requirements can be used for certification.

4.4.1. Product Certification

To sell products in the EU market of 28 member states as well as in Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/ health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC or ETSI, and referenced in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the member states, and its use simplifies the task of essential market surveillance of regulated products. As market surveillance was found lacking, the EU adopted the New Legislative Framework, which went into force in 2010. As mentioned before, this framework is like a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation and market surveillance.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the local contact established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Significance of voluntary certification

Product certificate supports:

- the product credibility for the consumer
- guarantee the stability of the selected product properties
- competitiveness of the product
- visibility of the product on the market
- reduce the likelihood of complaints

Certification Body Services for products

- Product Certification
- Certification of product characteristics
- Granting licenses for the use of voluntary certification labels "ITC certified quality" and "Safe Toys". ITC grants a license to use the quality mark awarded to products which have been certified to demonstrate a high level of safety and quality parameters and through inspection visits it is also confirmed that they meet the prerequisites of the producer for continuous compliance.

The footwear laboratories certification scope

- **materials**
  leather, furs, synthetic materials, textiles, plastics, rubber, cardboard, etc.

- **semi-finished products, components**
  soles, heels, insoles, laces, toecaps, stiffeners and others.

- **footwear**
  footwear (work, sports, leisure, evening, home, children, etc.)

- **leather goods**
  gloves, handbags, suitcases, hats

- **leather garments and fur products**

The laboratory uses acredited methods to meet the customers needs. Mainly mechanical and physical properties and color fastness in the full scope of standardized requirements for footwear materials, footwear and leather goods are certified at the workplace.

Testing for certification in the footwear industry

- **tests of strength characteristics**
  tensile and further tearing strength, elongation, tear strength, strength at the stitch ripping, cohesion of the material layers, strength of sewn joints and other
- **material surface treatment tests**
  treatment stability when wiping, resistance to repeated bending, adhesion of treatment, abrasion resistance, material treatment stability when exposed to artificial light, treatment resistance to elevated temperature, to shock, testing of grain fracture, treatment resistance to organic solvents and other
- **sorption properties tests**
  water vapor permeability, absorption and desorption, water absorption and other

- **quality tests of insole, sole and heel materials, soles and heels**
  material abrasion resistance, determination of density, tensile properties, tear strength, resistance to dynamic stress, heels impact test, sole resistance to further tearing, dynamic load of finished footwear and other
- **finished products tests**
  water permeability, footwear rigidity, heels and soles attachment strenght, the strength of sewn joints, footwear energy absorption, compression resistance, load capacity of leather goods, weather resistance, sports balls properties, parameters of baby stroller belts, corrosion of metal components, testing of insulation properties when hot or cold
- **assessment of footwear anti-slip properties**
- **other mechanical and physical properties of materials and products tests**
  measuring dimensions - thickness, width, length, height, weight, hardness, components resistance to the effects of liquids, swelling properties, torsional stiffness, measurement of electric resistance and other
- **chemical analysis, testing of health harmlessness** (in collaboration with the analytical laboratory
- **flammability, aging tests** (in collaboration with the Physics Laboratory)

The certification body may also provide consulting in its field, acceptance and assessment activities.

- Technical inspection
- forensic expert services
- statistical quality control of production batches and business supplies

4.4.2. Management of production quality control certification

Certification of quality control systems for manufacturers of medical devices is based on the standard EN ISO 9001, supplemented by the specific requirements for each category of medical devices. This standard is often used in the conformity assessment process.

Principles of certification according to ISO 13485

Given the increased demands on quality management system of medical devices suppliers and manufacturers, the standard ISO 13485: 2001 was established in 2001, extending the requirements of ISO 9001: 1995 (sterilization, technical documentation requirements, traceability, etc.). In 2003 the ISO 13485: 2003 was published, as a revised standard and its structure corresponds to ISO 9001: 2001 and includes the criteria for the full range of quality management system for medical devices. On the 01. 09. 2012, technical standard ISO 13485: 2012 entered into force. The standard EN ISO 13485: 2012 contains no new requirements. Newly processed annexes are informative.

Currently, it is possible to certify the quality management system for medical devices according to DIN EN ISO 13485: 2012 or ISO 13485: 2003. The certificate applies to the whole management system of an organization producing or supplying medical devices and related services. The certificate, issued by an independent accredited certification body, guarantees that the quality control system for suppliers and manufacturers of medical devices is established, documented, used and maintained in accordance with the requirements of ISO 13485: 2012 (or ISO 13485: 2003).

4.4.3. Benefits of certification

- guarantee of manufacturing process constancy and thus a stable and high quality services and products
- facilitate the process of demonstrating compliance with the requirements of EU directives and government regulations
- demonstrate the efficiency and effectiveness of the quality management system by an independent third party
- optimization of costs - reduction in operating costs, reduction in costs of non-conforming products, saving of raw material, energy and other resources
- increase the confidence of the public and state control bodies for manufacturers of medical devices

IQNET - International Certificate

Institute for Testing and Certification, Inc. is a member of the Association for Quality System Certification CQS, a member of the international network IQNet. Through this cooperation it is possible to issue both ITC certificate and the CQS certificate and also the **internationally recognized** IQNet within one certification process on request.

The certification process has the following main phases:

- documentation processing
- introduction of QMS into practice
- certification by accredited certification body
  - assessment and recording of client's application for certification
  - concluding a contract for the certification audit (certification audit is carried out in two stages)
  - appointing the audit team
  - processing the audit plan
  - verification of the facts in stages:
    a. review the client's documentation
    b. verifying the facts on the ground
  - a report on the outcome of the certification audit
  - the assessment of the audit report by certifying body
  - issuing the certificate
- supervisory audit
  - for a period of three years validity of the certificate supervisory audit takes place once a year. In connection to the results of the supervision, a decision on a renewal of the certificate untill another supervision is made, or a decision on suspension of the certificate. In the case of major deviations from the requirements of the standards, extreme measures could be taken and the certificate revoked.

F5. IQNET certificate

Related Certification Services

- Quality Management System Certification (ISO 9001)
- certification of environmental management (ISO 14001)
- certification of energy management system (ISO 50001)
- certification of quality management systems of suppliers to the automotive industry (ISO/TS 16949)
- health and safety management system certification (OHSAS 18001)
- certification of food safety management system (ISO 22000)
- certification of critical points in the food industry (HACCP)
- conformity assessment of products with the requirements of European directives (CE marking of products)
- testing of products, ATEST ITC
- calibration and verification of standards and measuring instruments
- Voluntary certification - label "ITC certified quality"
- Technical standardization [17]

5. Tariffs and duties in the footwear industry

The tariff was implemented as a protectionist measure, when tariffs and protectionism were all the rage. A mark of diseased intentions (and resembling the arbitrary preferences in today's tax codes), the duties were written to vary drastically by shoe type. While open-toed and high-end leather shoes were largely or altogether exempted, canvas shoes were set to face a duty.

The tariff helped protect a strong domestic footwear industry, when production began to move offshore. Footwear retailers and consumer advocates have been active in lobbying against this billions annual import cost. Tariffs and taxes have two different purposes. Tariffs exist to inflate the price of foreign goods in order to give domestic industry a comparative advantage in the domestic market; taxes exist to raise revenue for the government's operations. While it is officially considered a tariff, the shoe charge is equivalent to a tax on specific classes of foreign goods, and regardless of its classification it is bad policy. The government should not treat consumption of similar goods in a dissimilar manner. Those who prefer to purchase cheap foreign-made shoes should not be burdened by increased prices that are not imposed on those who prefer to purchase expensive foreign-made shoes. Playing favorites—whether in tax policy or archaic-and-obsolete-tariff policy—violates standards of transparency and neutrality. The Affordable Footwear Act is a fine effort, but one wonders why the bill does not propose to eliminate the shoe tariff in its entirety.

5.1. Import Tariffs in European Union

The EU is a customs union that provides for free trade among its 28 member states--Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, and The United Kingdom. The EU levies a common tariff on imported products entered from non-EU countries. By virtue of the Belgium-Luxembourg Economic Union (BLEU), Belgium and Luxembourg are considered a single territory for the purposes of customs and excise.

Members of the European Union apply the EU common external tariff (CET) to goods imported from non-EU countries. Import duties are calculated on an ad valorem basis, i.e., expressed as a percentage of the c.i.f. (cost, insurance and freight) value of the imported goods.

EU: Tariffs (percent ad valorem) on Textiles, Apparel, Footwear and Travel Goods

For footwear HS Chapter/Subheading is 64, Tariff Rate Rang is 3-17 (%)

5.2. Germany Import Turnover Tax

Goods imported from **non-EU states** are subject to an import turnover tax (Einfuhrumsatzsteuer). The import turnover tax rate equals the VAT (value-added tax) rates of 19 percent levied on domestic products (or 7 percent for some product categories) and has to be paid to the customs authority. The assessment base for the import turnover tax is the so-called customs value.

The import turnover tax on goods imported from non-EU states can be deducted as a so-called input tax (Vorsteuer). As a prerequisite, the company must have the necessary import documents with customs proof of payment (import declaration). It is important to collect and present all invoices as originals in order to deduct any VAT charges from one's own tax liability or to get reimbursed by the German Ministry of Finance, if eligible.

5.3. Import Tariffs in U.S. Korea

The U.S.-Korea FTA was implemented on March 15, 2012. Prior to that, the average basic tariff on U.S. goods at about 7.9 percent and Duty rates were high on a large number of high-value agricultural and fisheries products. Now that the FTA is being implemented, 95% of tariffs on U.S. imports will be eliminated by March 15, 2017. The U.S. Department of Commerce's FTA Tariff Tool can help U.S. exporters identify the harmonized system number for their products and the associated tariff rates over the next ten years. Exporters can also contact the U.S. Agricultural Trade Office for specific information on agricultural tariff rates. Korea also maintains a tariff quota system designed to stabilize domestic commodity markets. Customs duties can be adjusted every six months, within the limit of the basic rate, plus or minus 40 percent.

Korea has a flat 10 percent Value Added Tax on all imports and domestically manufactured goods. A special excise tax of 10-20 percent is also levied on the import of certain luxury items and durable consumer goods. Tariffs and taxes must be paid in Korean Won within 15 days after goods have cleared Customs.

http://www.export.gov/southkorea/doingbusinessinskorea/traderegulationsstandards/index.asp

5.4. Federal regulatory U.S. authorities and technical regulations

Several U.S. federal agencies are responsible for regulations pertaining to footwear.

AGENCY	SCOPE
Consumer Product Safety Commission (CPSC)	Children's footwear; hazardous substances
Customs and Border Protection (CBP)	Country of origin for most imported products
Federal Trade Commission (FTC)	Labeling
Occupational Health and Safety Administration (OSHA)	Protective footwear
United States Department of Agriculture (USDA)	Organic fibers

Note: Textile fiber identification and labeling are not required for footwear, unlike for apparel.

Consumer Product Safety Commission (CPSC)

The Consumer Product Safety Act, entered into law on October 27, 1972, was enacted to establish the Consumer Product Safety Commission and define its authority with the purpose of protecting the public against unreasonable risks of injury associated with consumer products; assisting consumers in evaluating the comparative safety of consumer products, developing uniform safety standards for consumer products; and to promote research and investigation into the causes and prevention of product-related deaths, illnesses, and injuries.

Consumer Product Safety Improvement U.S. Act of 2008 (CPSIA)

Public Law 110–314, August 14, 2008. On August 12, 2011, President Obama signed into law amendments to the Consumer Product Safety Improvement Act of 2008 (CPSIA) designed to address longstanding complaints about some aspects of the CPSIA.
Public Law 112–28, August 14, 2011, An Act to provide the Consumer Product Safety
Commission with greater authority and discretion in enforcing the consumer product
safety laws, and for other purposes

Children's Footwear Only in U.S.

The Consumer Product Safety Improvement Act ("CPSIA") enacted in 2008 regulates specific substances in children's products including children's footwear. The CPSIA sets limits for lead content and phthalates in children's products. A children's product is defined as a consumer product designed or intended primarily for children age 12 years or younger. With respect to children's footwear, Section 101(a) of the CPSIA **restricts children's products, including children's footwear, and components of children's footwear, to a lead content limit of 100 parts per million (ppm.)** In addition, the use of paint or surface coating on children's shoes **must not exceed 90 ppm**.

Certificates and Mandatory Third-Party Testing Section 102 of the CPSIA requires every manufacturer or importer of all consumer products that are subject to a consumer product safety rule enforced by the CPSC to issue a certificate stating that the product complies with the applicable standard, regulation, or ban. The certificate must accompany the product and be furnished to the retailer or distributor. Section 102 also requires the manufacturers or importers of children's products (age 12 years or younger) to certify that the products comply with all relevant product safety standards by issuing a children's product certificate supported by tests performed by a CPSC-accepted third party testing laboratory that has been accredited. CPSC also has regulations pertaining to certificates; they can be found at 16 CFR 1110.

For more detailed information, see CPSC's: FAQs - Certification and Third-Party Testing.

Federal Hazardous Substances Act (FHSA)

Title 15, United States Code, Chapter 30, Sections 1261-1278 16 CFR 1500, Federal Hazardous Substances Act (FHSA) Regulations FHSA regulations set forth requirements for hazardous household substances in products. The FHSA requires household substances that meet the definition of hazardous (as defined in the Act) to bear cautionary labeling to warn the consumer of the hazard(s) associated with the use of the product, that would enable the consumer to safely use and store the product, first aid instructions where applicable, and the statement "keep out of the reach of children." Whether a product must be labeled depends on its formulation and the likelihood that consumers will be exposed to any hazards it presents in customary use which includes ingestion by children. The FHSA defines as a banned hazardous substance those products that are intended for use by children that present an electrical, mechanical, or thermal hazard, with some exceptions. The Act also allows the Consumer Product Safety Commission to ban certain products that are so dangerous or the nature of the hazard is such that the labeling the act requires is not adequate to protect consumers.

Leather and Imitation U.S. Leather Guide

16 CFR 24, Guides for Select Leather and Imitation Products. These guides apply to the manufacture, sale, distribution, marketing, or advertising of all kinds or types of leather or simulated-leather, including footwear.

Protective Footwear Only

OSHA requires the use of personal protective equipment (PPE) to reduce employee exposure to hazards when engineering and administrative controls are not feasible or effective in reducing these exposures to acceptable levels. Employers are required to determine if PPE should be used to protect their workers. PPE is addressed in specific standards for general industry, shipyard employment, marine terminals, and longshoremen. The standards for "general industry" in 29 CFR 1910 applicable to protective footwear are:

- 1910.132, General requirements
- 1910.136, Occupational foot protection
- Appendix A, References for further information (non-mandatory)
- Appendix B, Non-mandatory compliance guidelines for hazard assessment and personal protective equipment selection [13]

6. Import regulations in the footwear sector

6.1. Import into the EU

The EU supports businesses wanting to import into the EU by providing clear facts on the rules and requirements for importing into the EU.

- The Export Helpdesk provides comprehensive information for developing countries on how to access the EU market and benefit from preferential trade agreements.
- The EU Tariff section from the Market Access Database provides information on EU tariffs and other import measures applied to a given product imported into the EU.

The EU sees trade as an important aspect of development and has a number of trade agreements with partners in the developing world.

To help exporters seize these opportunities, the Export Helpdesk provides:

- Information on EU and Member States' import requirements as well as internal taxes applicable to products;
- Information on import tariffs and other import measures;
- Information on EU preferential import regimes benefiting developing countries;
- Trade data for the EU and its individual Member States;
- Links to other authorities and international organisations involved in practical trade operations and trade promotion;
- The possibility to lodge detailed information requests about real-life situations encountered by exporters;
- A "What's New" section to host newsletters.

6.1.1. EU action when imports are not fair

The EU applies trade defence measures such as anti-dumping measures, anti-subsidy measures or safeguards when EU industry is harmed by dumped or subsided imports.

- The latest information on current trade defence cases
- The official publications on trade defence cases
- What are trade defence rules and what are anti-dumping, anti-subsidy and safeguard measures?
- Are you a small or medium business affected by trade defence rules ?
- How to lodge a complaint:
  - anti-dumping complaints
  - anti-subsidy complaints
  - Safeguard complaints
- How to request a refund:
  - anti-dumping refunds
  - anti-subsidy refunds

6.1.2. Facts about EU imports

- EU import tariffs are amongst the lowest in the world.
- The EU market is the most open to developing countries. Fuels excluded, the EU imports more from LDCs than the US, Canada, Japan and China put together.
- It is not just exports that are essential to economic growth and job creation but increasingly also imports. Two-thirds of EU imports are raw materials, intermediary goods and components needed for our companies' production processes. The share of foreign imports in the EU's exports has increased by more than half since 1995, to reach 13%.

http://ec.europa.eu/trade/import-and-export-rules/import-into-eu/

6.2. Low cost footwear

Up until the 1970s, production and consumption shared the same geographic areas, with most part of the manufacturing process concentrated in one determined place. Around this time a relocation process was initiated with some companies moving towards countries with available lower costs' workforce. An example of this was the movement of manufacturing units from companies in the North of Europe to countries in the south of the continent, such as Portugal.

Three decades later, as China became a member of the World Trade Organisation the picture of the manufacturing world changed (again) and the Asian country became the most competitive country for production. Low salaries and a large available workforce attracted investors from all over the world to China and hundreds of companies relocated their manufacturing units, or started to subcontract locally, resulting in a huge demand for workers. As China assisted to its economic growth, the income status of its active population improved and they became less willing to receive low salaries and more eager to fight for better paying conditions. China's economic growth and the consequences in labour costs are not the only elements to bear in mind in the rising production costs in the country's industries. The Chinese currency, the Yuan, is on an upward movement of appreciation against the dollar, after two decades of a fixed exchange rate policy.

At the same time, markets started to experience an increasing pressure from leather prices, and in a decade leather footwear became 7.5% more expensive (year on year), while price of rubber and plastic products only increased by 2.7% per year. This shift had an impact on the mix of products sold, with a sharp decline on leather footwear exports, both in volume and value, and a steady increase on exports of rubber and plastic shoes.

In 2003 leather footwear exports represented 60% of the total value of footwear exports and rubber and plastic only 20%. In just one decade, this picture inverted, and the value of leather footwear is below 50% of total exports. While this occurred, production costs started to rise in China, the largest footwear manufacturer in the world, representing a concern for local businesses and for companies in the US and Europe sourcing in China. As a response, there is a recent echo claiming that companies will tend to move production nearshore, while they tend to avoid the high travelling costs and China's inability to deal with small orders with quick delivery (the core business of some industry players in Europe). However, the numbers don't seem to support the existence of a massive shift in the way production is organised around the world. According to the World Footwear Yearbook, in the US, near to the market production has only increased from 2% to 3% during the last 5 years.

Growing production costs will generate a higher retail price, with impact on quantities sold. While looking to buy smaller quantities, consumers might also be less prone to discard footwear away. Buying expensive leather shoes might be seen as an investment, and as such consumers will favour a long life cycle product. This will create new business opportunities for repair services and businesses related to products and services intended to extend the life of their shoes.

A combination of all these elements will once again pose new challenges to footwear entrepreneurs and businessmen, who will need to evaluated the impact of the growing production costs in their businesses. In the past this has led them to get the backpack off the closet and look for low cost alternatives for manufacturing, which is in the emergence of happening again. [13]

Dumping

Common legal standards do not explicitly define the term "dumping". However, based on the earlier community legislation applicable also to the European Union countries or on international treaties, then we can considered as a dumped product such a product that is imported into the territory of the European Communities (resp. One of the Member States of the Community) at a price below than comparable price for the like product intended for consumption in the exporting country. From this we can deduce that dumping is generally unfair business practice in which a business entity sells the same product at different prices in the domestic market and for export. Dumping is a form of price discrimination; it is the practice of selling goods abroad at lower prices than in the domestic market of the exporting country. Dumping prices are generally lower than the production costs of the producer and they cause material damage to the domestic industry of the country where the goods are sold (exported) at dumping prices. The difference between the price on the domestic market (hereinafter referred to as the "standard price") and the export price is designated as the dumping margin. Standard price is usually based on the prices paid or payable by independent customers in the exporting country in the ordinary course of trade, while the export price is the price actually paid or the price payable for the product when sold for export from the exporting country to the European Communities.

According to the applicable Community law, the term country of export is usually taken to mean the country of origin of the goods. However, the law also foresees that the exporting country could also be an intermediate country (except the cases, where the products are for example merely transshipped through that country or they are not made in this country, or there is no comparable price for them). If the exporter does not produce or make similar products in the exporting country, the standard price for the product may be determined by the prices of other sellers or producers.

Legal protection against dumping

The available materials, legal norms of the European Communities published in the Official Journal of the EU and a number of international agreements clearly show that dumping is undesirable and unfair business against which it is necessary to create legal mechanisms for protection. The following passage of this memorandum provides a brief analysis of various theoretical and practical opportunities to protect people (businessmen) against dumped imports of footwear from certain Asian countries.

Trade Protectionism around the World

- **Brazil** has raised many MFN footwear rates to 35%, its WTO bound maximum.
  - In March 2010, imposed a specific duty of $13.85 per pair on nearly all shoes from China. It is pursuing extension of the ruling for another five years.
  - It added an extra anti-dumping duty of 182.0% on imports of parts (6406) from China in June 2012.
  - It may also seek a separate anti-dumping order against Vietnam.
- **Japan's** quotas limit imports of non-athletic, leather footwear to 12.0 million pair per year; about $40 USD fee per pair for quota items entered without a license.
  - A possible end to this decades long blockage could come if the Trans-Pacific Partnership (TPP) is successfully concluded.
- **Canada** has anti-dumping duties on waterproof items from many countries (up to 79%).
- **Mexico** had anti-dumping duties on shoes from China once in the 200% plus range.
  - They are now ended completely.
  - Proponents struggling with new pro-trade MC government in their effort to rein in imports from China.
- **EU** adopted anti-dumping on certain leather shoes from China of 16.5% (and 10.0% from Vietnam) effective October 7, 2006, with special technology athletic footwear (STAF) of at least 7.5 Euros FOB exempted.
  - Program ended March 31,2011.
  - There are no plans for a new case.

7. Legislation, authorities and the regulatory issues that influence footwear international trade

EU Regulations

The Integrated Tariff of the Community, referred to as **TARIC** (Tarif Intégré de la Communauté), is designed to show the various rules which apply to specific products being imported into the customs territory of the EU or, in some cases, exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Key Link: ***http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm***

7.1. Trade Barriers

Germany's regulations and bureaucratic procedures can be a difficult hurdle for companies wishing to enter the market and require close attention by U.S. exporters. Complex safety standards, not normally discriminatory but sometimes zealously applied, complicate access to the market for many U.S. products. U.S. suppliers are well advised to do their homework thoroughly and make sure they know precisely which standards apply to their product and that they obtain timely testing and certification.

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:
www.ustr.gov/sites/default/files/2013%20NTE%20European%20Union%20Final.pdf

Information on agricultural trade barriers can be found at the following website: ***www.usda-eu.org/***

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at ***www.trade.gov/tcc*** or the U.S. Mission to the European Union at ***http://export.gov/europeanunion/***

7.2. Import Requirements and Documentation

The **TARIC** (Tarif Intégré de la Communauté), described above, is available to help determine if a license is required for a particular product.

Many EU member states maintain their own list of goods subject to import licensing.

For example, Germany's "Import List" (Einfuhrliste) includes goods for which licenses are required, their code numbers, any applicable restrictions, and the agency that will issue the relevant license. The Import List also indicates whether the license is required under German or EU law.

For information relevant to member state import licenses, please consult the relevant member state Country Commercial Guide: EU Member States' Country Commercial Guides or conduct a search on the Commerce Department's Market Research Library, available from: ***www.export.gov/mrktresearch/index.asp***

Import Documentation

The Single Administrative Document

The official model for written declarations to customs is the Single Administrative Document (SAD). Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. Goods are covered by a Summary Declaration which is filed once the items have been presented to customs officials. The customs authorities may, however, allow a period for filing the Declaration which cannot be extended beyond the first working day following the day on which the goods are presented to customs.

The Summary Declaration is filed by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

The Summary Declaration can be made on a form provided by the customs authorities. However, customs authorities may also allow the use of any commercial or official document that contains the specific information required to identify the goods. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU member states. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent.

European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. Information on import/export forms is contained in Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

More information on the SAD can be found at:
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/sad/index_en.htm

Regulation (EC) No 450/2008 laying down the Community Customs Code (so-called the "Modernized Customs Code") aimed at the adaptation of customs legislation and at introducing the electronic environment for customs and trade. This Regulation entered into force on June 24, 2008 and was due to be applicable once its implementing provisions were in force by June 2013. However, the Modernized Customs Code was recast as a Union Customs Code (UCC) before it became applicable. The Union Customs Code (UCC) Regulation entered into force in October 2013 and repealed the MCC Regulation; its substantive provisions will apply only on May 1st 2016. Until this time, the Community Customs Code and its implementing provisions continue to apply.
http://ec.europa.eu/taxation_customs/customs/customs_code/union_customs_code/index_en.htm

Imported goods must be accompanied by a customs declaration, which has to be submitted in writing, and an invoice in duplicate. Normally the German importer files this declaration. The commercial invoice must show the country of purchase and the country of origin of the goods. The invoice should contain:

- (Company) and address of seller and buyer
- Place and date of issue
- Number, kind of packages
- Precise description of articles
- Volume or quantity in normal commercial units
- Invoice price (in invoice currency)
- Terms of delivery and
- Payment

The summary declaration is to be lodged by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension of the period.

The Modernized Customs Code (MCC) of the European Union entered into force on 24 June 2008. The MCC replaced Regulation 2913/92 and simplifies various procedures such as introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website for updates: ***http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm***

EORI

Since July 1, 2009, all companies established outside of the EU are required to have an Economic Operator Registration and Identification (EORI) number if they wish to lodge a customs declaration or an Entry/Exit Summary declaration. All U.S. companies should use this number for their customs clearances. If a U.S. company wishes to apply for AEO status or apply for simplifications in customs procedures within the EU, it must first obtain an EORI number. Companies should request an EORI number from the authorities of the first EU member state to which they export. Once a company has received an EORI number, it can use it for exports to any of the 28 EU member states. There is no single format for the EORI number.

More information about the EORI number can be found at: ***http://ec.europa.eu/taxation_customs/dds2/eos/eori_home.jsp?Lang=en***

F6. EORI Logo

U.S. - EU Mutual Recognition Arrangement (MRA)

Since 1997, the U.S. and the EU have had an agreement on customs cooperation and mutual assistance in customs matters. For additional information, please see: ***http://ec.europa.eu/taxation_customs/customs/policy_issues/international_customs_agreements/usa/index_en.htm***

In 2012, the U.S. and the EU signed a new Mutual Recognition Arrangement (MRA) aimed at matching procedures to associate one another's customs identification numbers. The MCC introduced the Authorized Economic Operator (AEO) program (known as the "security amendment"). This is similar to the U.S.' voluntary Customs-Trade Partnership Against Terrorism (C-TPAT) program in which participants receive certification as a "trusted" trader. AEO certification issued by a national customs authority is recognized by all member state's customs agencies. An AEO is entitled to two different types of authorization: "customs simplification" or "security and safety." The former allows for an AEO to benefit from simplifications related to customs legislation, while the latter allows for facilitation through security and safety procedures. Shipping to a trader with AEO status could facilitate an exporter's trade as its benefits include expedited processing of shipments, reduced theft/losses, reduced data requirements, lower inspection costs, and enhanced loyalty and recognition.

The U.S. and the EU recognize each other's security certified operators and will take the respective membership status of certified trusted traders favorably into account to the extent possible. The favorable treatment provided by mutual recognition will result in lower costs, simplified procedures and greater predictability for transatlantic business activities. The newly signed arrangement officially recognizes the compatibility of AEO and C-TPAT programs, thereby facilitating faster and more secure trade between U.S. and EU operators. The agreement is being implemented in two phases. The first commenced in July 2012 with the U.S. customs authorities placing shipments coming from EU AEO members into a lower risk category. The second phase took place in early 2013, with the EU re-classifying shipments coming from C-TPAT members into a lower risk category. The U.S. customs identification numbers (MID) are therefore recognized by customs authorities in the EU, as per Implementing Regulation 58/2013 (which amends EU Regulation 2454/93 cited above):
http://ec.europa.eu/taxation_customs/resources/documents/customs/procedural_aspects/general/implementing_regulation_58_2013_en.pdf

Batteries

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The 2006 Directive applies to all batteries and accumulators placed on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. In 2012, the European Commission published a FAQ document to assist interested parties in interpreting its provisions. For more information, see our market research report: ***www.buyusainfo.net/docs/x_4062262.pdf***

REACH

REACH, "Registration, Evaluation and Authorization and Restriction of Chemicals", is the system for controlling chemicals in the EU and it came into force in 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by this policy. REACH requires chemicals produced or imported into the EU in volumes above 1 metric ton per year to be registered with a central database handled by the European Chemicals Agency (ECHA). Information on a chemical's properties, its uses and safe ways of handling are part of the registration process. The next registration deadline is May 31, 2018. U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer'. A list of Only Representatives (ORs) can be found on the website of the U.S. Mission to the EU: ***http://export.gov/europeanunion/reachclp/index.asp***

U.S. companies exporting chemical products to the European Union must update their Material Safety Data Sheets (MSDS) to be REACH compliant. For more information, see the guidance on the compilation of safety data sheets: ***http://echa.europa.eu/documents/10162/17235/sds_en.pdf***

F7. REACH Compliance

U.S. exporters to the EU should carefully consider the REACH 'Candidate List' of Substances of Very High Concern (SVHCs) and the 'Authorization List'. Substances on the Candidate List are subject to communication requirements prior to their export to the EU. Companies seeking to export products containing substances on the 'Authorization" is required for use in the EU of the SVHC. The Candidate List can be found at: ***http://echa.europa.eu/web/guest/candidate-list-table***.

The Authorization List is available at: ***http://echa.europa.eu/addressing-chemicals-of-concern/authorisation/recommendation-for-inclusion-in-the-authorisation-list/authorisation-list***

WEEE Directive

EU rules on Waste Electrical and Electronic Equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. The Directive requires U.S. exporters to register relevant products with a national WEEE authority or arrange for this to be done by a local partner. The WEEE Directive was revised on July 4, 2012 and the scope of products covered was expanded to include all electrical and electronic equipment. This revised scope will apply from August 14, 2018 with a phase-in period that has already begun. U.S. exporters seeking more information on the WEEE Directive should visit: ***http://export.gov/europeanunion/weeerohs/index.asp***

F8. **WEEE Logo**

RoHS

The ROHS Directive imposes restrictions on the use of certain chemicals in electrical and electronic equipment. It does not require specific customs or import paperwork however, manufacturers must self-certify that their products are compliant. The Directive was revised in 2011 and entered into force on January 2, 2013. One important change with immediate effect is that RoHS is now a CE Marking Directive. The revised Directive expands the scope of products covered during a transition period which ends on July 22, 2019. Once this transition period ends, the Directive will apply to medical devices, monitoring and control equipment in addition to all other electrical and electronic equipment. U.S. exporters seeking more information on the RoHS Directive should visit: ***http://export.gov/europeanunion/weeerohs/index.asp***

F9. **RoHS, WEEE Logo**

Cosmetics Regulation

On November 30, 2009, the EU adopted a new regulation on cosmetic products which has applied since July 11, 2013. The law introduces an EU-wide system for the notification of cosmetic products and a requirement that companies without a physical presence in the EU appoint an EU-based responsible person.

In addition, on March 11, 2013, the EU imposed a ban on the placement on the market of cosmetics products that contain ingredients that have been subject to animal testing. This ban does not apply retroactively but does capture new ingredients. Of note, in March 2013, the Commission published a Communication stating that this ban would not apply to ingredients where safety data was obtained from testing required under other EU legislation that did not have a cosmetic purpose. For more information on animal testing, see: **http://ec.europa.eu/consumers/sectors/cosmetics/animal-testing**

For more general information, see: ***http://export.gov/europeanunion/accessingeumarketsinkeyindustrysectors/eg_eu_044318.asp***

Agricultural Documentation

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). The vast majority of these certificates are uniform throughout the EU, but the harmonization process is not complete. During this transition period, certain member state import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes.

7.3. U.S. Export Controls

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of some commercial items, including "production" and "development" technology.

The items that BIS regulates are often referred to as "dual use" since they have both commercial and military applications. Further information on export controls is available at:
www.bis.doc.gov/index.php/exporter-portal

BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. These are posted at:
www.bis.doc.gov/index.php/enforcement/oee/compliance/23-compliance-a-training/51-red-flag-indicators

Also, BIS has "Know Your Customer" guidance at:
www.bis.doc.gov/index.php/enforcement/oee/compliance?layout=edit&id=47

If there is reason to believe a violation is taking place or has occurred, report it to the Department of Commerce by calling the 24-hour hotline at 1(800) 424-2980, or via the confidential lead page at
www.bis.doc.gov/index.php/component/rsform/form/14?task=forms.edit

The EAR does not control all goods, services, and technologies. Other U.S. government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and services. A list of other agencies involved in export control can be found on the BIS web.

It is important to note that in August 2009, the President directed a broad-based interagency review of the U.S. export control system, with the goal of strengthening national security and the competitiveness of key U.S. manufacturing and technology sectors by focusing on current threats, as well as adapting to the changing economic and technological landscape. As a result, the Administration launched the Export Control Reform Initiative (ECR Initiative) which is designed to enhance U.S. national security and strengthen the United States' ability to counter threats such as the proliferation of weapons of mass destruction.

The Administration is implementing the reform in three phases. Phases I and II reconcile various definitions, regulations, and policies for export controls, all the while building toward Phase III, which will create a single control list, single licensing agency, unified information technology system, and enforcement coordination center.
For additional information on ECR see: ***http://export.gov/ecr/index.asp***

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. A list of upcoming seminars can be found at
www.bis.doc.gov/index.php/compliance-a-training/export-administration-regulations-training/current-seminar-schedule

7.4. Temporary Entry

For temporary entry it is usually advisable to purchase an ATA Carnet, which allows for the temporary, duty-free entry of goods into over 50 countries, and is issued by the United States Council for International Business by appointment of the U.S. Customs Service: ***www.uscib.org.***

7.5. Labeling and Marking Requirements

The European Union does not generally legislate packaging and labeling requirements, but does so for what it sees as specific high-risk products. In the absence of any EU-wide rules, the exporter has to consult national regulations or inquire about voluntary agreements among forwarders that affect packaging and labeling of containers, outside packaging, etc. Importers or freight forwarders should be able to advise U.S. exporters on shipping documents and outer packaging/labeling. European Union customs legislation only regulates administrative procedures, such as type of certificate and the mention of rule of origin on the customs forms and shipping documents.

Product-specific packaging and labeling requirements applicable throughout the EU apply to food, medicines, chemicals, pharmaceuticals and other items EU authorities regard as high-risk. The stated purpose of harmonizing such legislation throughout the EU is to minimize the risk for consumers (the end user).

The CE mark is mandatory in the EU countries for any electrical apparatus and often more than one CE mark law may apply.

7.5.1.Product origin marking, Made in EU

Trust is the pillar of the economy. If consumers do not trust a product, they do not buy it. In a market of 500 million people, personal knowledge of a seller or of a manufacturer can guide consumers' choices only for a limited number of goods. For all others, we need to have indicators that make products more traceable, and therefore more trustable.

If buyers can easily trace the origin of a product, they feel safer and have one more reason to shop. A recent Commission proposal for introducing a compulsory 'Made in' label for all consumer products sold in the EU is an important response to such a request from the market.

F10. Logo Made in EU

At the moment, there are hardly any rules, and manufacturers have no obligation to indicate on their labels the exact origin of their products. This is an advantage for unfair businesses which use fake labels or no labels at all.

And it is a danger for consumers, as it means that hazardous goods face fewer hurdles to freely circulate in the EU's market. National authorities are still unable to trace the provenance of one in ten of all dangerous products seized in the EU.

To end this chaotic situation, many EU countries have tried in the past to introduce rules on national origin labeling. But if these attempts were turned into real laws, as national rules may differ from country to country, there would be a risk of further confusion and harm to legitimate businesses.

The Commission proposal aims to prevent this. Consumers will get a better protection all across the EU, and at the same time common rules will prevent new national barriers being caused by diverging national legislation on origin labeling.

Information on product origins is crucial to take concrete action against wrongdoers, and therefore represents a powerful deterrent against the sale of unsafe products. Honest manufacturers should welcome this proposal, as it will increase consumer trust and in parallel their appetite for shopping. Producers should also be aware that the use of the 'Made in' label will not generate extra red tape or costs.

The label will allow a great level of flexibility. The general "Made in the EU" label can be used for all goods which underwent their last substantial transformation in a EU country. But European manufacturers will remain free to choose a relevant national label, such as 'Made in Germany' or 'Made in the UK', if they wish to do so. [18]

7.6. Prohibited and Restricted Imports

The TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for the following codes:

CITES Convention on International Trade of Endangered Species

PROHI Import Suspension

RSTR Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

7.7. Customs Regulations and Contact Information

The following provides information on the major regulatory efforts of the EC Taxation and Customs Union Directorate:

Electronic Customs Initiative – This initiative deals with EU Customs modernization developments to improve and facilitate trade in the EU member states. The electronic customs initiative is based on the following three pieces of legislation:

- The Security and Safety Amendment to the Customs Code, which provides for full computerization of all procedures related to security and safety;
- The Decision on the paperless environment for customs and trade (Electronic Customs Decision) which sets the basic framework and major deadlines for the electronic customs projects;
- The Modernized Community Customs Code (recast as Union Customs Code) which provides for the completion of the computerization of customs.

Customs Valuation – Most customs duties and value added tax (VAT) are expressed as a percentage of the value of goods being declared for importation. Thus, it is necessary to dispose of a standard set of rules for establishing the goods' value, which will then serve for calculating the customs duty.

Given the magnitude of EU imports every year, it is important that the value of such commerce is accurately measured for the purposes of:

- economic and commercial policy analysis;
- application of commercial policy measures;
- proper collection of import duties and taxes; and
- import and export statistics.

These objectives are met using a single instrument - the rules on customs value.

The EU applies an internationally accepted concept of 'customs value'.

The value of imported goods is one of the three 'elements of taxation' that provides the basis for assessment of the customs debt, which is the technical term for the amount of duty that has to be paid, the other ones being the origin of the goods and the customs tariff.

7.8. Standards

Overview

Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union legislation and standards created under the New Approach are harmonized across the member states and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. For a list of new approach legislation, go to: ***http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=directive.main.***

The concept of new approach legislation is likely to disappear as the New Legislative Framework (NLF), which entered into force in January 2010, was put in place to serve as a blueprint for existing and future CE marking legislation. Since 2010/2011 existing legislation has been reviewed to bring them in line with the NLF concepts.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might also function as barriers to trade if U.S. standards are different from those of the European Union.

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: ***www.usda-eu.org***

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website: ***www.usda-eu.org/trade-with-the-eu/eu-import-rules/certification/fairs-export-certificate-report/***

Standards Organizations

EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization. Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

1. CENELEC, European Committee for Electrotechnical Standardization
(www.cenelec.eu/)

2. ETSI, European Telecommunications Standards Institute
(www.etsi.org/)

3. CEN, European Committee for Standardization, handling all other standards
(www.cen.eu/cen/pages/default.aspx)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the member states, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual member states standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away some of its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical legislation. Mandates – or requests for standards - can be checked on line at: ***http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm***

F11. CEN, CENELEC and ETSI organizations

Given the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Belarus, Israel, and Morocco among others. Another category, called "partner standardization body" includes the standards organization of Mongolia, Kyrgyzstan and Australia, which are not likely to become a CEN member or affiliate for political and geographical reasons.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. Other than their respective annual work plans, CEN's "what we do" page provides an overview of standards activities by subject. Both CEN and CENELEC offer the possibility to search their respective database. ETSI's portal (***http://portal.etsi.org/Portal_Common/home.asp***) leads to ongoing activities.

The European Standardization system and strategy was reviewed in 2011 and 2012. The new standards regulation 1025, adopted in November 2012, clarifies the relationship between regulations and standards and confirms the role of the three European standards bodies in developing EN harmonized standards. The emphasis is also on referencing international standards where possible. For information, communication and technology (ICT) products, the importance of interoperability standards has been recognized. Through a newly established mechanism, a "Platform Committee" reporting to the European Commission will decide which deliverables from fora and consortia might be acceptable for public procurement specifications. The European standards bodies have been encouraged to improve efficiency in terms of delivery and to look for ways to include more societal stakeholders in European standardization.

Conformity Assessment

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice regarding conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. Conformity assessment bodies in individual member states are listed in NANDO, the European Commission's website.

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification system is known as the Keymark. Neither CENELEC nor ETSI offer conformity assessment services.

Accreditation

Independent test and certification laboratories, known as notified bodies, have been officially accredited by competent national authorities to test and certify to EU requirements.

"European Accreditation" (***www.european-accreditation.org***) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible to appropriate EN and ISO/IEC standards.

Publication of Technical Regulations

The Official Journal is the official publication of the European Union. It is published daily on the internet and consists of two series covering adopted legislation as well as case law, studies by committees, and more (***http://eur-lex.europa.eu/JOIndex.do?ihmlang=en***). It lists the standards reference numbers linked to legislation (***http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm***). National technical Regulations are published on the Commission's website ***http://ec.europa.eu/enterprise/tris/index_en.htm*** to allow other countries and interested parties to comment.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S**. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: ***www.nist.gov/notifyus*** [16]

8. Case study in the Czech republic-Impacts of the international / European directives and regulations on the footwear market

The Member States of the European Union in Brussels in 2006 approved the introduction of so called Additional import duties on some Chinese and Vietnamese leather footwear. An additional duty of 16.5% on Chinese leather footwear and 10% on Vietnamese leather footwear was imposed. Originally, this measure should have applied for five years, but eventually the French proposal had won and the duty stayed in force only for two years.

The European Union Council voted on introduction of these duties. This voting was considered merely formal, because the countries respect the voting, which took place between the national experts. These duties did not help for example to the Czech market and producers, because the problem was in underestimating the footwear imports and importing fotwear for unrealisticly low prices, for which it is impossible to produce shoes even in China. The additional duty of 16,5% on Chinese footwear imported to Czech Republic at average price 2,5 EUR did not solve anything. On the other hand the average price of Vietnamese footwear imported to Czech Republic was 18 EUR. According to our opinion, this price was correct in contrast with the Chinese price and there was no reason to apply additional duties against Vietnam.

Additional duties thus increased the price of high quality shoes from reputable companies and importers, who have already before imported leather shoes at higher prices. Domestic production yet did not cover the footwear consumption e.g. in the Czech Republic, which is already dependent on the footwear imports. Brussels poorly prepared the custom collection provisions, because they did not concern all tariff items under which the leather footwear falls. "Dishonest importers" could avoid the additional duties by shifting the footwear into other tariff item, which was not subjected to the additional duties, they lowered the declared price of footwear or numerically also reduced the amount of the imported leather footwear and the problems with cheap imports were not resolved.

The voting on additional duties was close. Nine countries approved the proposal, four abstained and the rest voted against it, including the Czech Republic. The opponents of this protective measure were led by the Scandinavian countries. At the end, the Cyprus vote decided. Cyprus first refused the introduction of additional duties, later changed the opinion and abstained the voting.

Until the end of the two-year anti-dumping investigation, the Union applied provisional duties of 19.4% for China and 16.8% for Vietnam, which were in force only for six months. This measure was supposed to punish China and Vietnam for alleged subsidies to the local manufacturers of leather footwear from the Chinese and Vietnamese government. Leather shoes from Asia were at a considerable advantage over the European products, which lost their market position. According to the EU data, imports of footwear from China increased in 2005 compare to the previous year by 450% and compared to the 2001 by full 1000% Imports from Vietnam, on the contrary, declined by one percent compare to the previous year and were higher by 95% compared to 2001.

China bypassed duties through Macao 05/01/2008

According to the commission, the investigation revealed relocating of the footwear production from China to Macao after the EU imposed the anti-dumping duties on Chinese shoe exports in April 2006. Footwear imports from China hence dropped in favor of imports from Macao.

The anti-dumping duties were a compensation for Chinese footwear exports at prices below production costs, which had a negative impact on European producers. The duties reached more than a tenth of shoes sold in Europe.

Macao consists of a peninsula of the same name and two small islands of Taipa and Coloane about 60 kilometers west of Hong Kong. Macao was formerly under Portuguese administration, but returned under China in 1999. Different laws than in other regions of China apply here similarly to Hong Kong. So the footwear could be exported without additional duties through Macao.

The massive increase of Chinese exports makes the electronics, footwear, clothing and other goods cheaper in the European market. At the same time, however, it raises the pressure on the transfer of production from Europe to countries with lower costs.

It can be concluded that the imposition of duties in 2006 on imports of footwear from China failed in its effect, and vice versa, this regulation opened for deliberate circumvention of the additional duties and led to increased imports of cheap footwear in the Czech Republic. The measures completely missed their effects due to their poor preparation and inconsistent control of leather footwear imports at the EU borders.

See Annexes No. 1: Study of the situation in production, imports, exports of footwear and consumption and sales of footwear in the Czech Republic, according to the Czech Statistical Office.

9. Test of knowledge

Choose the correct option:

Q1.	**What is product of Sustainability informations:**

○ Big income

○ Possibility of growth

○ One day off

Q2.	**How to fit your company (mentoring):**

○ Customer motivate

○ Do not anything

○ Group vs individuals (get with each other)

Q3.	**What needs is for mentor market Volatility:**

○ Good bihavior

○ High income

○ Unemployment

Q4.	**EU Partial Directive - 89/654/EEC concerning**

○ Customer promotions

○ Incapacity

○ Product life cycles

Q5.	**Recent survey Accenture Executives.**

○ 10% income increase

○ 70% Inability to predict future

○ 50% claims

Q6.	**Social Directly impacted the damage of brand reputation if:**

○ Only TV media

○ Negative media / NGO report can reduce demand

○ Good media reputation

Q7.	**Sustainable business is based on sharing values between:**

○ the company and another company

○ the company and the surroundings

○ the surroundings and the surroundings

Q8.	**Synonym for sustainable business:**

○ CSR

○ CCS

○ CPS

Q9.	**Globalization is:**

○ Process of international integration

○ Process of product period

○ Prosess of company profit

Q10.	**World footwear supply in China production in 2012 was:**

○ Was 13,500 millions of pairs

○ Was 13,500 thousenads of pairs

○ Was 13,500 hundreds of pairs

Q11.	**China impressive export performance comes:**

○ Large and relentless government mandated minimum wage increases

○ High wages

○ High level of skills

Q12.	**Financial regulation and supervision in the EU follows:**

○ Business logic

○ The company´s wastes

○ Lost profits

Q13.	**European markets integration is based on:**

○ Mutual recognition of those national rules, which are not harmonised,

○ Coexistance with the EU non-member states

○ Exclusion of the member states, which do not comply with the rules

Q14.	**Factors influencing the company´s strategy, when entering international markets:**

○ Investment difficulty in entering the foreign market

○ Competitivness of the company

○ Logistics of the company

Q15. What is RBW:

○ Relocate-borrow view

○ Resource-based view

○ Resource-borrow view

Q16. What is suplly chain:

○ System of organizations involved in moving only product from supplier to supplier

○ System of organizations involved in moving a product or service from supplier to customer

○ System of organizations involved in moving only product from supplier to companies

Q17. Engagement plan:

○ Can not assist in reaching a desired audience

○ Can assist in reaching a desired audience

○ Can not assist in act of the audience

Q18. What means "SD":

○ Secure Digital

○ Sustainable Development

○ Secure Developement

Q19. What is Sustainable Development:

○ Step for sustainable claims

○ Process for meeting human development goals while maintaining the ability of natural

○ Process of the sales of enterprise

Q20. What is Sustainable Development:

○ Step for sustainable claims

○ Process for meeting human development goals while maintaining the ability of natural

○ Process of the sales of enterprise

Q21. Common CSR actions include:

○ Direct sale of goods

○ Environmental sustainability

○ Maintenance management

Q22. Policy Implications of the Social license:

○ Social promotions

○ Social media tools empower stakeholders

○ Reduction reliance on social media tools

Q23. Risk management:

○ Managing only financial parts

○ Managing risk is an important executive responsibility

○ Managing sales opportunities

Q24. What is securing supplies and industry:

○ Securing the function of material warehouse

○ Taking care of the employees

○ The need to relocate loads and persons in time and space

Q25. What does waste management mean?

○ Measures for waste generation in the company

○ Integrated measures in the production process, which increase the waste generation

○ Integrated measures in the production process, which limit the waste generation

Q26. What does voluntary certification support?

○ Revenues and wastes

○ Product credibility

○ Product claims

Q27. What belongs under the tests for certification in footwear industry?

○ Safety during combustion in a wet environment

○ Tests of strength characteristics

○ Sale promotion design

Q28. What does the IQNET abbreviation mean:

○ Certificate of good sales

○ Internationally recognized certificate

○ Certificate recognized only nationally

Q29. What does it mean OSHA:

○ Occur Shoe Hihg end Shoe

○ Occupational Health and Safety

○ Occur Shoe Hard System

Q30. Federal Hazardous Substances Act (FHSA) means:

○ Set forth requirements for hazardous household substances in products

○ Set forth requirements for expensive products

○ Set forth requirements for good guality products

Q31. Export Helpdesk provides:

○ Information on import tariffs and other import measures

○ A "What's old" section to host newsletters

○ Trade data for the United States

Q32. Dumped product

○ Is a product imported at a price lower than a comparable price of a similar product in the exporting country

○ Is a very expensive product at a price that is much bigger than the standard price of the product

○ Is a product that does not meet the obligatory certification

Q33. Integrated Tariff of the CommunityTARIC:

○ Is designed to show the various rules which apply to specific products being imported into the customs territory of the EU

○ Is certifications authorities

○ Is for exported product to EU

Q34. The invoice should contain:

○ Shelf life of the products

○ Number of the production number of the products

○ Precise description of articles

Q35. REACH:

○ Relocate of the dangerous products

○ Registration and Chemistry

○ Registration, Evaluation and Authorization and Restriction of Chemicals

Q36. REACH:

○ Ordered manufacturers to fulfill certification

○ Stop exported dangerous products

○ Requires chemicals produced or imported into the EU

Q37. Electronic Customs Initiative:

○ Customs which deal with products in REACH

○ Customs stop dumping products to EU

○ EU Customs modernization developments to improve and facilitate trade in the EU member states

Q38. CENELEC:

○ Central Negative Leather Commitee

○ European Commitee for enegretic sustainability sysrem

○ European Committee for Electrotechnical Standardization

Q39. European Accreditation:

○ Acreditation for REACH system

○ Accreditation for exporting companies

○ Organization representing nationally recognized accreditation bodies

Q40. World Trade Organization (WTO):

○ required under the Agreement on Technical Barriers to Certificate of the WTO for all Member countries

○ required under the Agreement on Technical Barriers to Certificate of the REACH for all Member countries

○ required under the Agreement on Technical Barriers to Trade to report to the WTO all proposed

Answer Key:

Q1.	Possibility of growth
Q2.	Group vs individuals (get with each other)
Q3.	Unemployment
Q4.	Product life cycles
Q5.	70% Inability to predict future
Q6.	Negative media / NGO report can reduce demand
Q7.	the company and the surroundings
Q8.	CSR
Q9.	Process of international integration
Q10.	Was 13,500 millions of pairs
Q11.	Large and relentless government mandated minimum wage increases
Q12.	Business logic
Q13.	Mutual recognition of those national rules, which are not harmonised,
Q14.	Investment difficulty in entering the foreign market
Q15.	Resource-based view
Q16.	System of organizations involved in moving a product or service from supplier to customer
Q17.	Can assist in reaching a desired audience
Q18.	Sustainable Development
Q19.	Process for meeting human development goals while maintaining the ability of natural
Q20.	Process for meeting human development goals while maintaining the ability of natural
Q21.	Environmental sustainability
Q22.	Social media tools empower stakeholders
Q23.	Managing risk is an important executive responsibility
Q24.	The need to relocate loads and persons in time and space
Q25.	Integrated measures in the production process, which increase the waste generation
Q26.	Product credibility
Q27.	Tests of strength characteristics
Q28.	Internationally recognized certificate
Q29.	Occupational Health and Safety
Q30.	Set forth requirements for hazardous household substances in products
Q31.	Information on import tariffs and other import measures
Q32.	Is a product imported at a price lower than a comparable price of a similar product in the exporting country
Q33.	Is designed to show the various rules which apply to specific products being imported into the customs territory of the EU
Q34.	Precise description of articles
Q35.	Registration, Evaluation and Authorization and Restriction of Chemicals
Q36.	Requires chemicals produced or imported into the EU
Q37.	EU Customs modernization developments to improve and facilitate trade in the EU member states
Q38.	European Committee for Electrotechnical Standardization
Q39.	Organization representing nationally recognized accreditation bodies
Q40.	required under the Agreement on Technical Barriers to Certificate of the REACH for all Member countries

10. Glossary

AEO: Authorized Economic Operator

CBP: Customs and Border Protection

CEN: European Committee for Standardization

CENELEC: European Committee for Electrotechnical Standardization

CLE: According to the Council for Leather Exports

CPSC: Consumer Product Safety Commission

CPSIA: The Consumer Product Safety Improvement Act

CSR: Corporate Social Responsibility

CSV: Creating Shared Value

CTM', CM or 'CertTM: Certification Marks

C-TPAT: Customs-Trade Partnership Against Terrorism

ECHA: European Chemicals Agency

EFTA: European Free Trade Association

EMAS: EU Eco-Management and Audit Scheme

EORI: Economic Operator Registration and Identification

ETSI: European Telecommunications Standards Institute

FHSA: Federal Hazardous Substances Act

FTC: Federal Trade Commission

HS: Harmonized System

IRC: Integrated Reporting Committee

JSE: Johannesburg Stock Exchange

LEED: Leadership in Energy and Environmental Design

NLF: New Legislative Framework

OSHA: Occupational Health and SafetyAdministration

PPE: personal protective equipment

RBV: Resource-based view

REACH: Registration, Evaluation and Authorization and Restriction of Chemicals

SD: Sustainable Development

SIGL: Integrated System for Managing Licences

SMEs: Small and Medium sized Enterprises

STAF: special technology athletic footwear

TARIC: Tarif Intégré de la Communauté

TBT Agreement: Agreement on Technical Barriers to Trade

TPP: Trans-Pacific Partnership

UCC: Union Customs Code

USDA: United States Department of Agriculture

VAT: Value-Added Tax)

WEEE: Waste Electrical and Electronic Equipment

WTO: World Trade Organization

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13. Bibliography

Lifelong
Learning
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Project Duration:
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October 2013 - March 2016

How to implement Sustainable Manufacturing in Footwear
- New Occupational Profile and Training Opportunities -

The project *STEP to SUSTAINABILITY* aims at:

Developing a new qualification profile
and correspondent training in the field
of sustainable manufacturing.

Training technicians with knowledge and
skills to implement manufacturing
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