

November 13, 2012

BY ELECTRONIC FILING

Federal Trade Commission
Office of the Secretary
Room H-113 (Annex O)
600 Pennsylvania Avenue, N.W.
Washington, DC 20580

Re: Regulations Under the Fur Products Labeling Act: Comments of Saga Furs Oyj in Response to the FTC Notice of Proposed Rulemaking 77 Fed Reg. 57,043 (Sept. 17, 2012)

Dear Sir or Madam:

Saga Furs Oyj (“Saga Furs”) respectfully submits these comments in response to the Federal Trade Commission’s (“FTC” or “Commission”) proposal to amend its regulations under the Fur Products Labeling Act to update the Fur Products Name Guide.

Saga Furs, headquartered in Vantaa Finland, is a full-service quality auction house with the world’s broadest selection of farm raised furs produced in strictly regulated European farms. The only publicly listed fur auction company in the world, Saga Furs holds four international auctions each year in which manufacturers from around the world purchase quality pelts for use in the manufacture of fur apparel and accessories. Saga Furs works with fashion designers from around the world to promote the sale of Saga Furs Fox, Mink and Finnraccoon on a global basis, including in the United States.

These comments specifically address the Commission’s proposal not to change or provide alternatives to the required name on labels for products containing fur produced with the *nyctereutes procyonoides* species. Saga Furs previously commented on May 16, 2011 in connection with the Commission’s earlier request for comments on the Fur Products Name Guide. Saga Fur’s Head of International Marketing, Charles Ross, testified on the subject at the Commission’s public hearing on December 6, 2011, on behalf of both Saga Furs and the Fur Information Council of America.

The FTC Correctly Rejected Use of the Name “Raccoon Dog”

Saga Furs applauds the Commission’s decision to reject the term “raccoon dog” as a basis for labeling products containing the *nyctereutes procyonoides*. The Commission correctly concluded that the term “could significantly mislead” consumers into thinking that the animal is related to domestic dog when in fact the *nyctereutes procyonoides* differs significantly. See 77 Fed. Reg. 57,043, 57,048. This position was not only supported by fur industry and retail sector representatives, but also by officials from the Fish and Wildlife Service and the U.S. Geological Survey

The Commission also took into account the impact the name “raccoon dog” could have on the market place. The Commission pointed out that utilization of the name “raccoon dog” had resulted in a number of major department stores terminating their use of the animal because consumers confused

the *nyctereutes procyonoides* with domestic dog. Id. The confusion was largely caused by a media campaign conducted by animal right advocates which implied that *nyctereutes procyonoides* is related to domestic dog. That campaign was deceptive and was intended to undermine the market for this product.

Use of the term “raccoon dog” would also create immense confusion with U.S. Customs and Border Protection (“CBP”), which is delegated responsibility for implementing the U.S. ban on the use of dog and cat fur. The *nyctereutes procyonoides* is not produced in the U.S., and is either imported as a pelt or contained in imported apparel. In either case, the appearance of the term “raccoon dog” would wreak havoc with the customs clearance process.

In sum, the Commission recognized that the name “raccoon dog” is misleading to the consumer. Saga Fur supports that decision, and believes that continued use of the nomenclature “raccoon dog” would further devastate the market for the product causing immense harm to Finnish fur producers.

The Commission Should Permit Use of the Name “Finnraccoon” as an Alternative to Asiatic Raccoon

Saga Furs requests that the Commission revisit its decision in the proposed rule not to permit use of the name Finnraccoon as an alternative to the name Asiatic Raccoon. Saga Furs supports the continued use of the name “Asiatic Raccoon” for product originating in Asia, but for a reasons discussed below, Saga Furs believes that an alternative name should be permitted.

In the Federal Register Notice, the Commission determined that there was insufficient evidence that the consumer understands that the name Finnraccoon is *nyctereutes procyonoides*. Id. at 57,048. The Commission also determined that the superior European fur-farming practices are not verifiable. Saga Furs requests that the Commission consider the following information and arguments in reconsidering this issue prior to the issuance of a final rule.

First, the name Finnraccoon has extensive recognition in the global consumer market place. Currently most of the high-end fur garments sold in the U.S. and containing the *Nyctereutes procyonoides* species are made of furs produced in Finland and are exclusively marketed under the nomenclature Finnraccoon.

Second, use of the name Asiatic Raccoon, in connection with the labeling and sale of the Finnish product in the U.S., has caused confusion because the name implies that the fur originates in Asia. Finland is the largest producer of products of the *Nyctereutes procyonoides* species in the world. This animal is produced in over 100 farms in Finland, 95% of which have been certified as having met the strict animal welfare standards. The fact that the labels show Finland as the country of origin further increases the confusion. In interpreting the Fur Rules, the Commission has allowed retailers to identify fur from the *Nyctereutes procyonoides* species originating in Finland as “Finnish Asiatic Raccoon.” See Section 301.12(e)(3) (allowing the country of origin to appear in adjective form in connection with the name of the animal). Saga Fur is, in fact, using that term to underscore the distinction between the Finnish and Asian product. The distinction between “Finnish Asiatic Raccoon,” which is permissible under the Commission’s regulations and Finnraccoon, which is how

the product is marketed around the world, is so minor that acceptance of the new name would be incapable of misleading the U.S. consumer.

Third, because Asian countries do not maintain the high standards of animal welfare European countries do, there is a negative connotation associated with the fur that originates there. Indeed, Saga Furs, which is responsible for the sales of this product, has promoted its products on the basis of its superior animal husbandry standards.¹ Commencing in 2013, one hundred percent of the Finnraccoon sold in the U.S. originated in farms that were certified in accordance with the Finnish Fur Breeders program. Copies of these standards are included in this submission. One of the reasons, Saga Fur has aggressively promoted its animal husbandry standards is that anti-fur groups highlight the conditions in Asian countries without disclosing the vastly different conditions in Finland, in an effort to curb the use of all fur products. Consumers are, therefore, justifiably confused about the quality of fur products identified as “Asiatic Raccoon” and the standards by which they are raised.

Fourth, outside the U.S., and in particular, in Europe, products containing the *Nyctereutes procyonoides* species, originating in Finland, are labeled Finnraccoon. Photographs of labels used in Europe and elsewhere will be provided without delay. Both the U.S. and Europe are currently engaged in consultations intended to harmonize regulatory policies that are creating barriers to trade. Differences in regulatory requirements related to the absence of common nomenclature for labeling products is an issue central to those discussions. The Commission needs to take into account global labeling practices in considering the appropriate nomenclature.

The Commission has two alternatives in terms of how it could address this issue. First, it could add the common name “Finnraccoon” or “Raccoon, Finnish” to the Fur Products Name Guide as a second name to describe the *Nyctereutes procyonoides* species. There is precedent in the Guide for having two common names to describe products of the same species. For example, the species *Mustela sibirica* may be labeled using either the common name “Kolinsky” or the term “Weasel, Chinese.”

The Commission could also make special provision for this product in a separate regulation. The Commission has permitted in separate regulations the use of certain terms in connection with various skins of lamb that have different hair type, or which have been treated through different chemical processes.²

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Saga Furs appreciates the fact that the FTC has unanimously rejected the name “raccoon dog” and expects this decision to be carried out in the final rule. This issue was addressed extensively in the initial comments and the December 6, 2011 hearing by both representatives of Finnish agriculture, the Finnish Government and by U.S. retailers. The testimony overwhelmingly supported the proposition that the name was misleading, confusing, and that acceptance of the name “raccoon dog” would have ended the market for this product in the U.S., with devastating consequences for Finnish fur farmers.

¹ See Animal Welfare Act (16/EEO/1999) of the Finnish Ministry of Agriculture and Forestry Council; Directive 98/58/EC on the protection of animals kept for farming purposes established rules for the protection of animals of all species kept for the production of food, wool, skin or fur or for other farming purposes, including fish, reptiles or amphibians; Council Directive 93/119 on Protection of animals at the time of slaughter or killing. See Attachment 1.

² See 16 CFR § 301.8 and 301.9.

Saga Furs requests that the Commission also take a closer look at the marketplace for this product, as reflected in the material attached to this submission. The “Finnraccoon” nomenclature has achieved global recognition in the consumer market place, and we believe the Commission should permit sufficient flexibility in the labeling of this product and accept the alternative terminology in the issuance of its final rule.

Sincerely,

SAGA FURS OYJ

Pertti Fällenius
CEO

ATTACHMENT I



INTRODUCTION TO THE FUR FARM CERTIFICATION SCHEME

Director of Animal Welfare and Certification, Veterinarian Taina Haarahiltunen
Finnish Fur Breeders' Association

The value of the Certification Scheme has to be seen at two main levels. First are the concrete initiatives to improve the overall quality of fur farming that are included in the Scheme and that brings fur farming to the next level. This paper focus mainly on these initiatives and improvements that the farmer wanting to get his farm certified has to include in his way of running his business.


The other level is the control and auditing function that the Scheme has. We do recognise that just trusting that the authorities will “do their job” is not enough and we impose ourselves a strict control that ensures that the levels of our operations are in accordance with the Certification Criteria and aiming for improvement.

Certification is awarded for a three year period after a thorough inspection of the farm. Random inspections are conducted at least to 10% of the farms yearly. Since the autumn 2009, we have had “the third party” to evaluate and monitor that our working processes in implementing and monitoring the scheme and the scheme itself will be adaptable to ISO 9001 and 14001 standards. We cooperate with the independent auditing firm INSPECTA Certification Co.Ltd for this purpose.

The Certification Scheme is alive, and new requirements raising the standards are included regularly. Farms have to include these new requirements at the time of the renewal of their Certification.

The level of the legislation that controls fur farming in Europe is already very high, and the Certification Scheme should be seen as the additional step in the quality process that gives us a competitive advantage as we aim for excellence in our operations.

The enclosed document is a list of elements where there are significant improvements in the Certification Scheme (CS) as compared with the Council of Europe Recommendations in a very schematic form, so that the improvements can be looked upon in the related documents.



Improvements of the Certification Scheme (CS) as compared with the Council of Europe's Recommendation (CER)

1. Animal Health and Welfare

- a. Aleutian (CER makes no reference to Aleutian disease)
 - i. Breeding animals are tested for Aleutian disease every year.
 - ii. Shoe Covers for visitors are available to visitors to avoid disease spreading.
 - iii. Infected animals with aleutian disease are properly handled .
- b. Vaccinations are controlled.
- c. Weaning (CER Article18)
 - i. Weaning takes size of litter and condition of the mother into consideration. CS also controls weaning in relation with fur types.
- d. Animal Health Control
 - i. CS determines that record of any sick animal, medical treatment and mortality has to be kept (CER article 4 does not address the need for records to be kept)
- e. Killing of animals
 - i. CS determines that animals have to be killed at the farm. (CER does not address this issue)
 - ii. CS requires and determines that all killing equipment is in order, and in the case of electrical equipment, is properly charged.

2. Housing Conditions

- a. Cage enrichment, size, space are thoroughly inspected (see p.2.1 in the Audit document)
- b. Adjacent empty cage is provided for mated fox females until pups are weaned in CS.
- c. Protective bottom mesh for mink pups in the nest box (avoiding pups to fall or get trapped in mesh) in CS
- d. Cages and nest boxes have to be cleaned regularly, controlled by CS auditing.
- e. Pen sizes are strictly controlled.



3. Feeding

- a. Kitchen suppliers have to be self monitored.
- b. Feed analysis conducted 3 times a year.
- c. Focus on the origin, composition and storage of feed on CS.
- d. All handling, acquisition and composition of feed is documented on CS.
- e. Water quality has to be controlled according to CS.
- f. Drinking equipment has to be unharmed for animals. CS deals with the material the bowls are made of .

4. Breeding

- a. Article 21 point 2 in CER is developed into a series of measures that ensure breeding increases animal welfare. Trustfulness is taking into consideration and is evaluated by auditor.
- b. CS avoid selling animals to third party countries that do not comply with animal welfare standards.
- c. No drugs are to be used to artificially increase reproduction potential.

5. Environmental Protection

- a. CER refers very little to environmental impact of fur farming. Many of the provisions of the CS cover other existing legislation or regulations .
- b. CS focus on Faeces removal, disinfection of equipment and record keeping of faeces related operations.
- c. CS provides guidance on how farm waste has to be sorted and this is audited.

6. Farm Hygiene

- a. No detailed reference of the handling of carcasses is made on the CER. CS has clear indication on how to handle carcasses, which can be found on point 6.3 of the audit document.
- b. General tidiness of the farm is subject to inspection on CS.



7. Unusual Conditions

- a. CS pays special attention and audits that workers are properly trained.
- b. There are a list of elements that are audited in the CS dealing with unexpected situations, like ecoterrorism attacks, fire, extreme natural conditions, etc). Among others the need to have an alarm, and escape proof fences.