

The Fair Trading Act

Country of origin labelling for clothing and footwear



There is a consumer information standard requiring new clothing and footwear supplied in New Zealand to be labelled or marked with information that states the country where the items were made or produced.

The consumer information standards regulations set the official standard for country of origin labelling.

The Consumer Information Standards (Country of Origin (Clothing and Footwear) Labelling) Regulations 1992 (**Regulations**) set out who must comply with the Regulations, what types of clothing and footwear must be labelled and the information that must be included on the label.

We use the term 'consumer information standard' in this fact sheet to refer to the requirements of the Regulations.

Failure to comply with the consumer information standard is a breach of the Fair Trading Act and is illegal.



Who must comply with the consumer information standard?

The consumer information standard applies to any person who supplies, offers to supply or advertises the supply of new clothing or footwear. This includes:

- Manufacturers, importers and distributors who supply clothing or footwear to retailers.
- Retailers who sell new clothing or footwear instore or online to customers.

Suppliers of second-hand clothing or footwear are not required to comply with the consumer information standard.

What items of clothing and footwear must be labelled?

Most new clothing and footwear must be labelled or marked with the item's country of origin. Second-hand clothing and footwear is excluded.

The following items do not require a country of origin label:

- jewellery
- handkerchiefs
- handbags
- wigs and hairpieces
- component parts of footwear or clothing, eg, fabric and insoles
- kneecap and ankle supports
- parts of bras, corselets, corsets, braces, suspenders, garters and similar articles.

What are the labelling requirements?

The labels or markings must state the country in which the item was made or produced. This statement is required to be in English. Each letter must be clearly readable and not less than 1.5 mm high.

The requirements for clothing and footwear are different. Details of the requirements for each are set out below.



Clothing

Items of clothing require a permanent label that a buyer can see when examining it.

Where it is not possible for the buyer to see the country of origin label because of the way the item is packaged, displayed or folded, this information must also be stated on:

- a removable ticket, label attached to the item; or
- a pamphlet accompanying the item; or
- the item's packaging or wrapping.

Where it is not practical to place a country of origin label on the item of clothing (for example, on a reversible jacket), this information must be stated on:

- a removable ticket, label attached to the item; or
- a pamphlet accompanying the item; or
- the item's packaging or wrapping.

Footwear

Each item of footwear must have the name of the country where it was produced, printed, stencilled, branded or marked where it can be seen by buyers. If this is not practical because of the footwear's design, composition or construction, this information must be stated on:

- a removable ticket, label attached to the item; or
- a pamphlet accompanying the item; or
- the item's packaging or wrapping.

Where is an item of clothing or footwear made or produced?

Where a product is made is a question of fact and degree. For clothing, it is typically where the fabric is turned into a garment. For footwear, it is typically where the fabric or leather is turned into a shoe.

If items of clothing or footwear are made in one country but designed in another, the label cannot claim the country of design as the country of origin. For example, a dress cannot be labelled made in New Zealand if it was designed in New Zealand but sewn into a dress overseas.

Use of symbols and place of origin representations

It is an offence under the Fair Trading Act to supply or offer to supply footwear and clothing that makes a false or misleading representation about where the goods were made.

It is not just words that can be misleading. Care should be taken when using symbols such as kiwis, flags or other national emblems, which can convey false or misleading impressions as to place of origin.

For more information, see the Commission's *Place of origin representations* fact sheet at www.comcom.govt.nz

Who is responsible for making sure clothing or footwear is correctly labelled?

Although it is likely the manufacturer will supply the clothing or footwear with a country of origin label or marking, it is the supplier's responsibility for making sure that the clothing or footwear supplied, offered or advertised for supply comply with the consumer information standard.

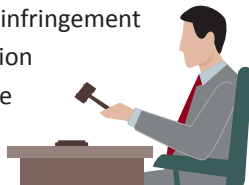
If you are concerned that any items of clothing or footwear are not labelled with the correct country of origin, do not sell them and ask your supplier for more information.



What can happen if I supply clothing or footwear without country of origin labels or incorrect labels?

It is an offence under section 28 of the Fair Trading Act to supply, offer to supply or advertise for supply clothing or footwear that does not comply with the consumer information standard.

The Commerce Commission, which enforces the Fair Trading Act, may issue you with an infringement notice requiring you to pay a fine of up to **\$1,000**. An infringement notice can be issued by the Commission if it has reasonable grounds to believe you have not complied with the consumer information standard.



If the non-compliance is more serious, the Commission may choose to prosecute you. Companies are liable to a fine of up to **\$30,000** for each breach of section 28 of the Fair Trading Act. Individuals can be fined up to **\$10,000**.

It is also an offence under the Fair Trading Act to make a false and/or unsubstantiated representation, or mislead your customers about the country of origin of the goods you have for sale. The Commerce Commission may take a prosecution against you for misleading labelling. Companies can be fined up to **\$600,000** for each breach of the Act. Individuals can be fined up to **\$200,000**.

For more information on the range of enforcement actions, from warnings through to prosecutions, see the Commission's website at www.comcom.govt.nz



EXAMPLE

False labels on sportswear for Commonwealth Games team

A New Zealand sportswear manufacturer entered into a contract to supply New Zealand-made clothing for the 2006 Commonwealth Games team.

The director of the company instructed staff to remove Made in China labels and sew in new Made in New Zealand labels into the uniforms. The clothing was actually made in China.

Over 1,800 falsely labelled garments had been supplied before the Commerce Commission intervention. The Commission ensured all the items were re-labelled correctly before clothing was distributed to the Commonwealth Games team.

The company was prosecuted and fined for making misleading representations about the country of origin of the clothing.

EXAMPLE

Souvenir clothing made in New Zealand or Pakistan?

A souvenir and tourist retailer sold T-shirts on which the logos, neck and swing tag labelling implied the garments were made in New Zealand but Made in Pakistan labels were sewn into the inside seam of the shirts.

The company selling the goods was fined for making misleading representations about the country of origin and because the true country of origin labels, which were sewn into side seams, could not be easily accessed by prospective buyers.

What other labels must clothing have?

Most clothing requires care and fibre-content labelling.

Additionally, children's nightwear (and a limited range of children's day wear) must comply with the product safety standard for children's nightwear, which requires fire hazard warning labels.

🔗 Fact sheets are available for all consumer information and product safety standards from the Commission's website at www.comcom.govt.nz

Where can I get more information on the consumer information standard?

You can access the Regulations and the Fair Trading Act online at the government's legislation website www.legislation.govt.nz. The information on this website is free.

🔗 For further information on the Fair Trading Act, you can visit the Commission's website at www.comcom.govt.nz

This fact sheet provides guidance only. It is not intended to be definitive and should not be used in place of legal advice. You are responsible for staying up to date with legislative changes.

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