COMMERCE COMMISSION

CLOTHING AND FOOTWEAR COUNTRY OF ORIGIN LABELLING

A GUIDE TO COMPLYING WITH THE CONSUMER INFORMATION STANDARD

CONSUMER INFORMATION STANDARD

The Consumer Information Standard (Country of Origin (Clothing and Footwear) Labelling) Regulations 1992 created a consumer information standard which makes it mandatory for all new clothing or footwear supplied in New Zealand to be labelled with information that clearly states the country where the items were made or produced.

The regulations are issued under section 27 of the Fair Trading Act 1986.

WHO DO THESE REGULATIONS APPLY TO?

The regulations apply to any person who supplies, offers to supply or advertises the supply of new clothing or footwear. The phrase any person includes retailers, importers, distributors and manufacturers.

Methods of supply include displaying shoes or clothes for sale in a shop, at a market or on an internet auction site.

Offering clothing or shoes as give-aways is also a method of supply and so goods offered in this way must also comply with the regulations.

WHAT TYPES OF CLOTHING AND FOOTWEAR HAVE TO BE LABELLED?

Most new clothing and footwear must carry country of origin labelling.

Footwear includes goods such as shoes, athletic shoes and boots, sandals, jandals or thongs, boots, slippers, work boots, gumboots and children's shoes.

WHAT TYPES OF CLOTHING OR FOOTWEAR DO NOT HAVE TO BE LABELLED?

These types of clothing and footwear accessories do not have to be labelled with country of origin information:

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

WHAT DO THE LABELS HAVE TO LOOK LIKE?

The label or marking must be in English. The letters must be clearly readable and not less than 1.5 mm high.

LABELS FOR CLOTHING

The label must be a permanent label which the buyer can see when examining the clothing. In the Commission's view origin labels in side seams of garments are unlikely to meet this legal requirement. Origin labels should be clearly positioned in the neck area of the garments.

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, you must also provide this information on:

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

The regulations apply to any person who supplies, offers to supply or advertises the supply of new clothing or footwear.

Where it is not practical to place a country of origin label on clothing or footwear (for example, on a reversible jacket), you must provide country of origin information on a removable ticket, label or pamphlet attached to the goods or on the item's wrapping or packaging.

LABELS FOR FOOTWEAR

Every individual item of footwear must have its country of origin printed, stencilled, branded or marked so that it can be seen by buyers. If this is not practical because of the footwear's design, composition or construction, you must provide country of origin information on a removable ticket, label or pamphlet attached to the goods, or on the item's wrapping or packaging.

WHO IS RESPONSIBLE FOR MAKING SURE GOODS HAVE A COUNTRY OF ORIGIN LABEL?

Although the manufacturer is likely to supply goods with a country of origin label, you are responsible for making sure that the clothing and footwear you supply has accurate country of origin labelling.

If you are concerned that goods are not labelled with the correct country of origin, ask your supplier for more information.

WHAT HAPPENS IF I SUPPLY CLOTHING OR FOOTWEAR WITH NO COUNTRY OF ORIGIN LABELS?

You will have breached the regulations. If you are selling footwear or clothing you must make sure that the goods are labelled according to the regulations.

It is an offence under section 28 of the Fair Trading Act to supply, offer to supply or advertise for supply footwear and clothing that does not carry country of origin labelling.

The Commerce Commission, which enforces the Fair Trading Act, may take a prosecution against you in court. If convicted, companies are liable to a fine of up to $200,000 for each breach of the Act. Individuals can be fined up to $60,000. For more information on the range of enforcement actions, from warnings through to prosecutions, see the Commission's website at **www.comcom.govt.nz/enforcement-of-the-fair-trading-act**

In addition to any action taken by the Commerce Commission, you may have to conduct a recall of any clothing or footwear that you have supplied which does not comply with the Regulations. Information on carrying out a product recall is available from **www.consumeraffairs.govt.nz/for-business/compliance/product-safety**

EXAMPLES

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.

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.

WHAT HAPPENS IF I SUPPLY CLOTHING OR FOOTWEAR CARRYING THE WRONG COUNTRY OF ORIGIN LABELS?

The label stating country of origin on clothing or footwear is a representation.

It is an offence under the Fair Trading Act to supply or offer to supply footwear and clothing that makes a false representation about where the goods were made, for example, a pair of gumboots labelled Made in New Zealand when they were made elsewhere.

It is also an offence under the Fair Trading Act to make any false or misleading representation about clothing or footwear's country of origin. Representations about a product's country of origin may breach the Fair Trading Act where:

- any words, symbols or pictures used on packaging, labels or advertisements give a misleading impression of where the goods were made, for example, using a flag or a symbol, such as a kiwi, which your customers would identify with a particular country;
- goods made in one country and designed in another, where the label claims the country of design as the country of origin, for example, shoes labelled made in New Zealand, when they were only designed here;
- goods made in New Zealand under licence but labelled with the country from where the licensor operates;
- goods described as being made in one place when they are made up of pieces made in several different countries.

CAN I REPLACE A WRONG COUNTRY OF ORIGIN LABEL WITH THE CORRECT ONE?

Yes, you can replace an incorrect label with the correct country of origin label. The new label must comply with the regulations.

DO CLOTHING AND FOOTWEAR REQUIRE ANY OTHER TYPES OF LABELS?

Clothing must also comply with these consumer information or product safety standards:

- Most clothing requires care and fibre-content labelling. For more information see our factsheets Care labelling: a guide to complying with the consumer information standard and Fibre content labelling: a guide to complying with the consumer information standard at **www.comcom.govt.nz/consumer-information-standards**
- Children's nightwear must comply with the product safety standard for children's nightwear. For more information see our factsheet Children's nightwear and limited daywear: a guide to complying with the product safety standard at **www.comcom.govt.nz/children-s-nightwear**

WHERE CAN I GET MORE INFORMATION ON THE REGULATIONS AND THE FAIR TRADING ACT?

You can access the Consumer Information Standard (Country of Origin (Clothing and Footwear) Labelling) Regulations 1992 and the Fair Trading Act online at the government's legislation website **www.legislation.govt.nz** The information on this website is free.

You can buy a copy of the regulations and the Fair Trading Act from selected bookshops. For further information on the Fair Trading Act, you can visit the Commission's website at **www.comcom.govt.nz/fair-trading**

USEFUL TERMS

- Breach – to break the law or not comply with an Act or regulations
- Comply – to meet obligations and rules
- Consumer – a person who buys from a retailer, an end-user
- In trade – a person who runs a business selling goods or services such as a retailer, manufacturer or importer
- Mandatory – compulsory, a set of rules or guidelines that must be followed
- Regulations – legislation made under an Act, in this case under the Fair Trading Act
- Supply – supply by gifting, sale (including online sales), exchange, lease, hire or hire purchase
- Textiles – items made from natural or synthetic materials (eg cotton, nylon and wool) by spinning, weaving, knitting, felting, bonding, tufting or any similar process

To check for updates to this fact sheet visit:
www.comcom.govt.nz/consumer-information-standards

This fact sheet is part of a series looking at the Fair Trading Act. Other fact sheets can be downloaded from
www.comcom.govt.nz/fair-trading

CONTACT

Contact the Commerce Commission with information about false or misleading trading practices.

TELEPHONE
Our Contact Centre during office hours on 0800 943 600

WRITE
To us at Contact Centre,
PO Box 2351, Wellington 6140

EMAIL
Us at contact@comcom.govt.nz

This fact sheet is a guideline only, and reflects the Commerce Commission's view. The publication is not intended to be definitive, and should not be used instead of legal advice. It is traders' responsibility to remain up to date with legislation.

The Commerce Commission enforces legislation that promotes competition in New Zealand markets and prohibits misleading and deceptive conduct by traders.

Only the courts can make an authoritative ruling on breaches of the Fair Trading Act. Courts may fine companies found guilty of breaching provisions of the Fair Trading Act up to $200,000 and individuals up to $60,000.