

Country of origin labelling - Questions & answers

Country of origin labelling for food is voluntary in New Zealand. Food sold in New Zealand, whether produced locally or imported, is not required to display where it or its ingredients originated from. Packaged food must however have contact details for distributors or manufacturers in New Zealand, so you can ask for more information.

[What's on a food label? General food labelling requirements under the Food Standards Code](#)

Knowing the country of origin does not convey whether the food is safe or suitable. This is established by food safety measures such as pre-clearance arrangements with exporting countries product and ensuring compliance with New Zealand's strict food safety laws. These laws apply equally to local and imported food.

What is the New Zealand position on country of origin labelling for food?

The policy of successive New Zealand Governments has been that country of origin labelling (across all food types) should be a voluntary practice for the food industry to use as a marketing tool. This practice is influenced by consumer demand.

Food labelling, voluntary or mandatory, should be true and accurate.

Why has New Zealand taken this position on country of origin labelling for food?

The primary reason for not adopting mandatory country of origin labelling is that the costs to consumers, industry and government far outweigh the benefits that this regulated measure would bring. Voluntary use of country of origin labelling, in response to consumer interest, delivers the benefits without imposing additional costs on all consumers or compromising New Zealand's trading interests.

Trade in food is very important to New Zealand's economy. New Zealand is a significant food exporter. We need as much flexibility as we can for marketing our food and that applies to both domestic and export markets.

In addition to the export market, New Zealand is highly reliant on imported ingredient foods for use in processed foods. Mandatory country of origin labelling may affect the viability of the New Zealand market for overseas exporters and this may reduce the availability (and therefore increase the price) of ingredient foods.

New Zealand's position internationally on country of origin labelling for food products is entirely consistent with our domestic position; country of origin labelling is a commercial matter that is best used as a voluntary marketing tool. This domestic position supports New Zealand's opposition to the imposition of mandatory country of origin labelling on our food exports by trading partners while promoting the voluntary labelling of products for marketing purposes.

Has country of origin labelling for food been reviewed in New Zealand?

The potential impact of mandatory country of origin labelling on New Zealand was extensively assessed in 2005 when Food Standards Australia New Zealand (FSANZ) prepared a draft joint standard. The New Zealand submission to the FSANZ country of origin labelling Standard was placed on the MAF Food Safety website (as is the practice for all submissions) when the draft standard was released (2 September 2005).

[Application P292 – Country of Origin Labelling](#) (Food Safety website)

The joint food standards setting process provides that New Zealand may vary from a standard on the grounds of exceptional health and safety, third country trade, environmental or cultural factors. New Zealand's position historically has reflected the view that country of origin labelling is a commercial matter, and is best supported by voluntary application. Country of origin labelling is not a food safety matter and, for a major food exporting nation, mandatory country of origin labelling would add costs to trade for very limited and unquantifiable consumer benefit.

On this basis, New Zealand sought to vary from the proposed mandatory country of origin labelling standard on the grounds of third country trade and in late 2005, the New Zealand Government decided not to join Australia in mandating country of origin labelling on food.

If the New Zealand Government decided now to introduce a mandatory system for country of origin labelling, this would need to be done through the FSANZ joint food standards system.

What is the Australian position on CoOL?

Australia requires country of origin labelling on all packaged foods, fish, pork and fresh whole or cut fruit and vegetables. They also have guidelines for the use of the terms “Product of Australia” and “Made in Australia”. The resulting commercial risks (i.e. change of label or danger of non-compliance when source of supply is changed) of inaccurate labelling has seen many manufacturers use the ‘made in Australia from imported and local ingredients’ label. This practice is not meeting consumer expectations for country of origin labelling in Australia.

What country of origin initiatives for food currently exist in New Zealand?

Current labelling

The Australia New Zealand Food Standards Code (the Code) provides that all packaged food (including single component packaged foods) must include the New Zealand contact details for the producer or manufacturer, primarily for recall purposes. Consumers can use this information to enquire about country of origin if required. In addition, many specialist food retailers could provide, at any point of sale, a response to a customer query on food origin.

[Australia New Zealand Food Standards Code Frequently Asked Questions](#) (Food Safety website)

With regard to wine, New Zealand Wine Regulations 2006, require grape wine made in New Zealand (but not wine products) to be labelled in a manner that clearly indicates the country of origin of the wine (see regulation 7(1) of the Wine Regulations 2006), protecting against false or misleading origin claims. The existing Codex General Standard for Pre-packaged Foods (Section 4.5.1) requires that “the country of origin of the food shall be declared if its omission would mislead or deceive the consumer”.

[Wine Regulations 2006](#) (External)

Supermarket initiatives

The two New Zealand major supermarket chains, Foodstuffs and Progressive Enterprises, are progressing an initiative to provide country of origin information for single ingredient fresh foods in the fruit, vegetable, meat and seafood categories. This initiative includes both packaged and unpackaged products and applies regardless of whether it provides a market advantage for that product or not.

Foodstuffs has advised that while its policy is to make country of origin information available for all single ingredient fresh foods, it does not support a proposal for country of origin

labelling for the defining ingredient as this requires labelling for processed foods. Foodstuffs' view is that country of origin labelling for processed foods is not feasible because it would be both prohibitively expensive and difficult to implement.

Foodstuffs also notes that problems can result from the need to vary the source (seasonal and supply issues) and the cost implications of consequential labelling changes. Foodstuffs state that the maintenance of an audit trail, for which verifiers could assess 'country of origin' claims against, would be problematic because of the detailing required for multi ingredient foods. Foodstuffs also believe that as yet there is very little independent evidence on consumer demand for country of origin labelling to support a mandatory approach.

Progressive Enterprises also opposes mandatory country of origin labelling for food citing, among other aspects, that sourcing information to support claims and subsequent compliance monitoring would cause excessive costs that in some way would need to be passed on to consumers. With regard to this cost increase, Progressive Enterprises questions the value that mandatory labelling would provide to consumers, given that Progressive's understanding is that the vast majority of consumers do not support such a regime.

Progressive Enterprises also believes that mandatory country of origin labelling does not support trade and it is possible that New Zealand consumers could become disadvantaged with a reduction in range of supply as a result of overseas manufacturers being unwilling to comply with costly labelling requirements for what is a small market in international terms.

NZ Government Buy Kiwi Made Campaign

Producers of New Zealand-made goods are supported, with funding allocated in the 2006 budget and provided over three years, to a "Buy Kiwi Made" campaign to promote New Zealand produce in the domestic market. This programme is consistent with the policy of supporting voluntary labelling.

Is country of origin labelling a food safety issue?

Country of origin labelling is not a food safety issue and does not provide the consumer with information relevant to food safety. The Food Act 1981 requires that all food sold in New Zealand (whether produced domestically or imported) is safe for human consumption.

The existing labelling requirements on packaged food, including single component packaged food, as provided for in the Code, provide information relevant to food safety and public health (ingredients, including additives and preservatives, nutrition, including sugar, fat, energy content, and allergens). Mandatory country of origin labelling serves no such food safety or public health purpose.

In addition to requests for mandatory country of origin labelling, food regulators (and those regulating in other sectors) also receive requests for other production labelling such as for animal welfare, political (labour and human rights for example) and environmental conditions under which particular products are grown or produced. While acknowledging there is some interest from consumers in many issues relating to food production, the priority for mandatory labelling must be for food safety and public health purposes.

What testing currently occurs to food before it is placed on the market?

All imported food must meet New Zealand standards. Monitoring over several years has shown that there is a high level of compliance with New Zealand's standards. The 2004 strategic review of New Zealand's imported food programme found that New Zealand's current programme is comparable with those of other developed countries, including Australia, and no major food safety concerns arising from the current regime were identified.

[Strategic Review of Regulatory Arrangements Controlling the Importation of Foods and Food-Related Products into New Zealand](#) (Food Safety website)

There are programmes in place to monitor food safety. The Food Residues Surveillance Programme (FRSP) is one such programme. Last year the focus was on domestic food, this year it will be on imported food.

[Food Residues Surveillance Programme](#) (Food Safety website)

New Zealand also has a number of agreements with equivalent competent authorities. Changes are being made to import requirements for high risk foods. The first of the new standards issued under the changes are for beef (Bovine Spongiform Encephalopathy Country Categorisation Measure) and shellfish (Bivalve Molluscan Shellfish Measure). These foods can only be imported from countries that New Zealand has pre-clearance arrangements with (relating to food safety systems).

[Imported food requirements: Bovine meat and bovine meat products](#) (74 KB PDF) (Food Safety website)

There are also provisions relating to product safety in the Code such as microbiological criteria and labelling provisions. Imported food must also comply with the New Zealand maximum residue limit standards.

What about post-market problems with food?

Sometimes there are problems with our foods and we need to notify the public about these and, if necessary, recall them. We do this by using more accurate information - producer/processor identification, product description and batching - to focus the attention on where the problem actually resides. These identification requirements are already mandatory in the Code and in New Zealand's primary production legislation.

If there is a problem with other products such as cars, this does not lead to a recall of all 'made in Australia' or 'made in Japan' vehicles. Rather, the particular model or production run or batch is recalled by the manufacturer. Food can be different in that it is often traded with government assurances and the government authorities involved need to be informed of non-compliant exports, but in such cases it is a particular manufacturer or batch that is focused on, rather than the country of origin as a whole.

What is the potential cost of Mandatory country of origin labelling for food should it be introduced?

For Industry

The costs associated with mandatory country of origin labelling for single component foods, include the costs of verification and auditing. The costs of multi-component foods would include verification and auditing of the source of each ingredient in the food. Manufacturers and retailers would need to pass on these additional costs to consumers to maintain economic viability. Voluntary provision of country of origin labelling information (not labelling) does not attract these costs.

A cost benefit analysis undertaken by NZIER for FSANZ in 2005 found that the cost of country of origin labelling would far exceed the benefit to the New Zealand consumer. The cost benefit analysis considered two options:

- making a transitional standard on the Code a permanent standard (effectively continuation of the status quo with broad country of origin labelling provisions applying to Australia only);
- and
- a new standard that: (i) applies to all packaged and some unpackaged foods; (ii) provides flexibility while remaining consistent with fair trading laws; and (iii) applies to the whole food, not ingredients – except where a declaration that ingredients are imported is allowed.

The NZIER report noted “quantified estimates of the likely costs of country of origin labelling, with first year cost estimates ranging from 0.06 percent of annual food turnover in the two countries, to 0.3 percent of turnover. With the mid-range assumptions, these costs amount to NZ \$60 million in New Zealand, or 0.48 percent of food turnover”. The lowest, highest and mid-range results can be available in the full report.:

[Benefit cost analysis of country of origin labelling](#) (442 KB PDF) (External)

Progressive Enterprises also indicated in its August 2005 Submission to the FSANZ country of origin labelling proposal, that providing country of origin labelling may on average cost 20 cents per product, which may then be passed on to consumers directly through price increases.

In addition, mandatory country of origin labelling could make New Zealand an unprofitable market for some overseas products. It could have the effect of reducing the range of ingredients products available to our food processing industries, reducing the range of products available to consumers and limiting competition. Reduced availability can, in turn, impact on the cost of food to consumers (as well as reducing consumer choice).

All compliance programmes attract an administrative cost. Unlike existing labelling requirements where much of the compliance can be assessed by a simple label check, auditing mandatory country of origin labelling would require traceability documentation. Producing and checking this documentation would require the establishment of systems for both Government and industry.

It has been argued that mandatory country of origin labelling would benefit producers. The responsibility for compliance, however, would rest with the retailer (there are between 35,000 to 40,000 food retailing, importing, manufacturing and service businesses in New Zealand). This potentially sets up a compliance cost inequity between the retailer and the producer.

Consumers

Consumer choice includes the right not to have extra costs imposed on them relating to other consumers' preferences. Mandatory country of origin labelling would impose an extra cost on all consumers, increasing the cost of food. In addition, mandatory country of origin labelling may have a negative impact on imports, potentially reducing consumers' product selection range without providing any health or safety benefit.

Is there producer support in New Zealand for country of origin labelling for food?

Country of origin labelling is used as a simple way to discriminate against certain imports. One of the arguments promoted for mandatory country of origin labelling in New Zealand is to allow New Zealand consumers to favour New Zealand produced goods. If international consumers favoured this argument, New Zealand exporting producers would be disadvantaged.

It is acknowledged that HortNZ and the New Zealand Pork Industry Board are very supportive of mandatory country of origin labelling for food in New Zealand. It should also be recognised that New Zealand's largest producer organisations (and New Zealand's largest exporters), in the dairy and meat industries, strongly oppose mandatory country of origin labelling.

New Zealand is a significant exporter of food and it is of considerable importance to New Zealand producers (and the New Zealand economy) that market access for our produce is not impeded by our trading partners' use of mandatory country of origin labelling. It could be seen as inconsistent for New Zealand to oppose mandatory country of origin labelling on food products in our export markets, while adopting it domestically.

Countries that have mandatory country of origin labelling for packaged and multi-ingredient foods impose a commercial imperative on manufacturers and retailers to use domestic and existing suppliers to reduce the cost of label changes. This reduces competition and therefore trade opportunities.

Any New Zealand food manufacturers that consider there is a market advantage for products labelled as 'product of New Zealand' on the domestic or international market are free to apply these labels to their products.

Who regulates misleading food labelling in New Zealand?

Section 10 of the Food Act provides penalties for false and misleading labelling for food. This provision focuses on labelling issues relating to public health and safety (such as allergen labelling and nutritional information panels).

The Commerce Commission enforces legislation that prohibits misleading and deceptive conduct by traders, which includes dealing with misleading labelling that is not about food safety. This responsibility is regulated through the Fair Trading Act.

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