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~~Study Tour Workshop on~~ **STUDY-TOUR-WORKSHOP.**
Quality Control and Certification
Marking for Industrial Products

Singapore, 20 - 25 May 1974

STATEMENT OF THE PROBLEMS AND TRADE BARRIERS INHERENT
IN UNILATERAL CERTIFICATION MARKING SCHEMES

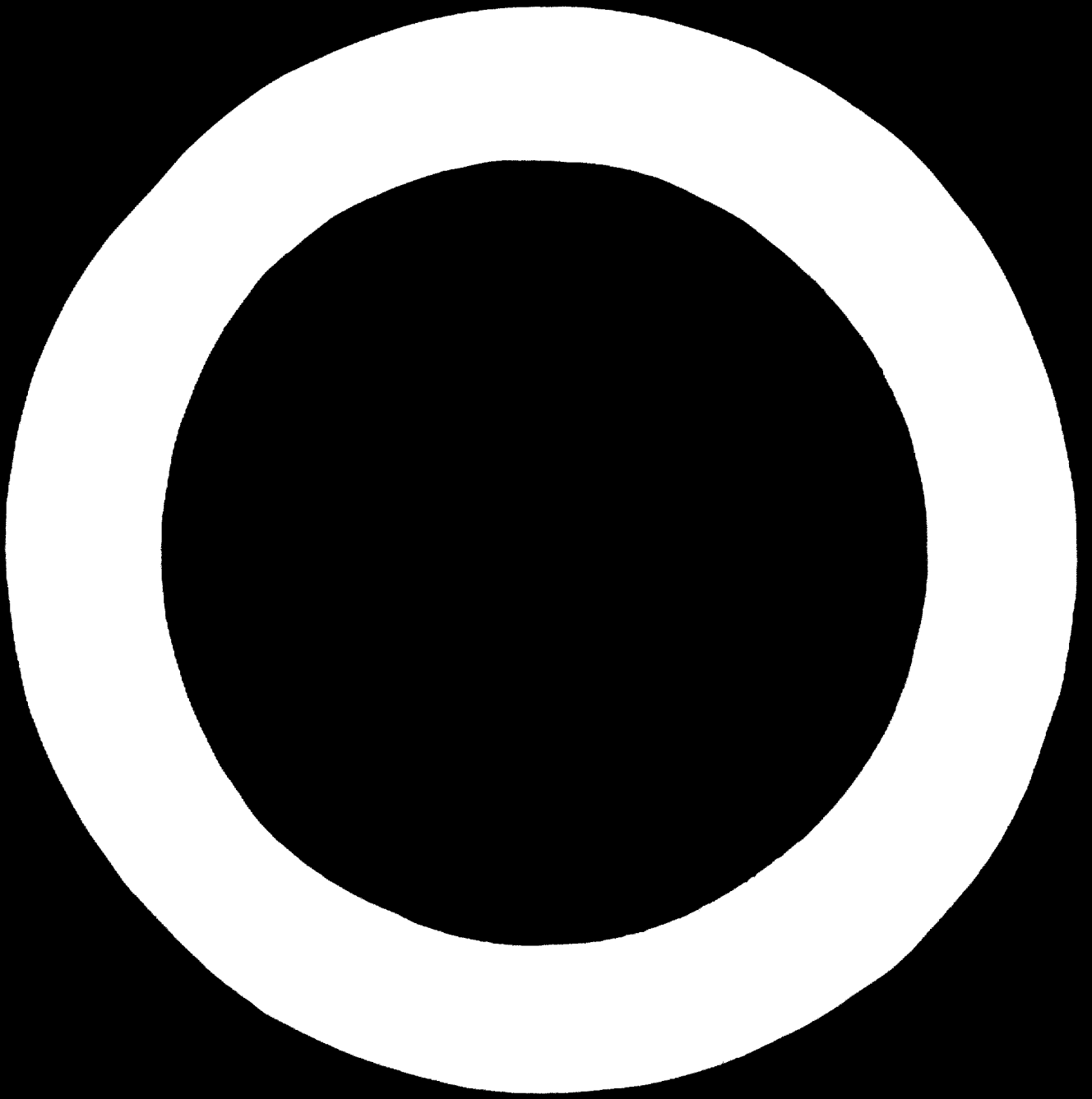
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PREAMBLE

The background to this discussion is probably very well known by the members of national standards bodies present at this workshop. These notes are therefore intended to crystallise the interreactions caused by such problems and outline action taken in other parts of the world as a basis for discussions which may possibly lead to harmonization within at least the South East Asian region.

The premise should be accepted at the outset of such discussions that, of all trade barriers - some imposed, some which have grown by traditional practices - there is the least validity for trade protection based upon restrictive certification schemes. It may be argued that tariff barriers may at times be necessary in a given economic situation; anti-dumping laws are familiar instruments of restricting imports; some safety regulations are perhaps too hiebound to certain national specifications; the familiarity and confidence ^{of} importing industrial, government and commercial organisations in their own voluntary national standards - all these, if not, in the long run, justified, are at least understandable.

There can be little rational support, however, for any system in which unilateral certification marking schemes - as desirable as these are - restrict the free flow of honest trade between countries based upon good products. Regulatory machinery to protect according to currency situations, materials supplies and balance of trade conditions is often an expedient measure adopted by countries and shared accordingly so that it can be removed within a short time as conditions change: the legislative and technological strength of a national certification scheme becomes a more deeply entrenched obstacle as its use within the nation becomes wider.

In fact, for national industries to take shelter behind such shields - accidental or intentional - is short-sighted policy which rebounds in its effect and bedevils trade of all countries. Certainly it will lead to a future in which considerable sums of money and great consumption of the time of socialist skills will have come about in order to undo growing confusion.

COMPLEXITY OF EUROPEAN PROBLEMS

This is no more evident than in the activities now going on in the European countries within the EEC and EFTA economic blocs.

The highly industrialised nations within these groups have been concerned for many years with the problems of barriers inherent in certification schemes and, in the domestic electrical field at least, have made some progress in achieving a harmonised multinational certification scheme, but the activity in this area became intensified by the needs expressed in the Treaty of Rome for technical cooperation within the framework of economic harmonization of the EEC (European Common Market).

This is no place for a detailed survey of the inter-relationships of the various European bodies involved but it is sufficient to say that, not only are the major European joint standards bodies - CEN and CENELEC - now extremely active, but have wide involvements with, inter alia, the EEC Commission in Brussels, ECE, Gatt and of course with the ISO committee, CERTICO, which is engaged on the same problems on a global basis. A Tripartite Committee consisting of Government and standards representatives of France, Germany and the United Kingdom was set up to help speed through the process of harmonization of standards and approvals and inspection schemes, particularly where legislative changes are envisaged, have high priority.

It is impossible to assess what all this activity in the last decade has cost individual countries in the last decade but it must be a very considerable sum. The end to this increasing expenditure is nowhere in sight, so complex are the agreements which have to be reached on all the associated issues. Nor is it possible to quantify the loss of trade, the complexity of operations, the undoubted reflection in prices suffered by manufacturing concerns unable to export products, the specifications of which are completely acceptable under their own national certification schemes but unacceptable in the foreign market because of differing standards, different criteria, different certifying and inspection methods.

THE SE ASIAN REGION - A SIMPLER SOLUTION NOW?

It is inconceivable that the developing countries of the region will be able to afford such costly rationalization even at the end of the next decade or so. Yet the need by then will probably be urgent.

But, at the present stages of development in certification schemes in SE Asia, it is within the capacity of each nation to reach agreement and to process changes in legislature and in practice. This is not to make light of undoubted difficulties that will arise; nevertheless, the problems should prove far less complex than those now being experienced in Europe.

It is suggested that discussions could fruitfully develop around the following major points:

- (a) A short review of the statutory or procedural clauses governing each participant's certification scheme with specific references to flexibility or otherwise in recognizing reputable national foreign marks. (See Appendix)
- (b) Expressions of opinions on the associated:
 - *Competence of test houses and laboratories.
 - *Differing systems of liability of mark holders, manufacturers and distributors.
 - *Responsibilities of licensees to customers.
 - *Compensation and other clauses likely to hamper mutual recognition.

(Note: the author of this statement suggests that much of the attempt to rationalize differing details of certification schemes in Europe - with its complex legal and administrative problems - are unnecessary in SE Asia. Differing systems can be made compatible for the purposes of mutual recognition by the flexible application of ancillary requirements).
- (c) Given that there is a desire for mutual recognition of reputable marks, through what agency should this be achieved?
- (d) Agreement on guiding principle that any harmonization programme shall pay special attention to ISO, IEC, CEN, CENELEC trends in order to protect export trade outside the area.

END

APPENDIX

Example of the appropriate section of the Industrial Products Standards Act B. E. 2511 (1968) of Thailand concerning compulsory certification which empowers the Standards Council under the Minister of Industry to exempt licensees from carrying the Thai Industrial Standards Institute's certification mark under certain conditions.

It will be noted that this simple paragraph in the section affords the utmost flexibility in giving the Standards Council (through the investigation resources of the officials of the Institute) the responsibility of recognizing the validity and authority or otherwise of foreign marks.

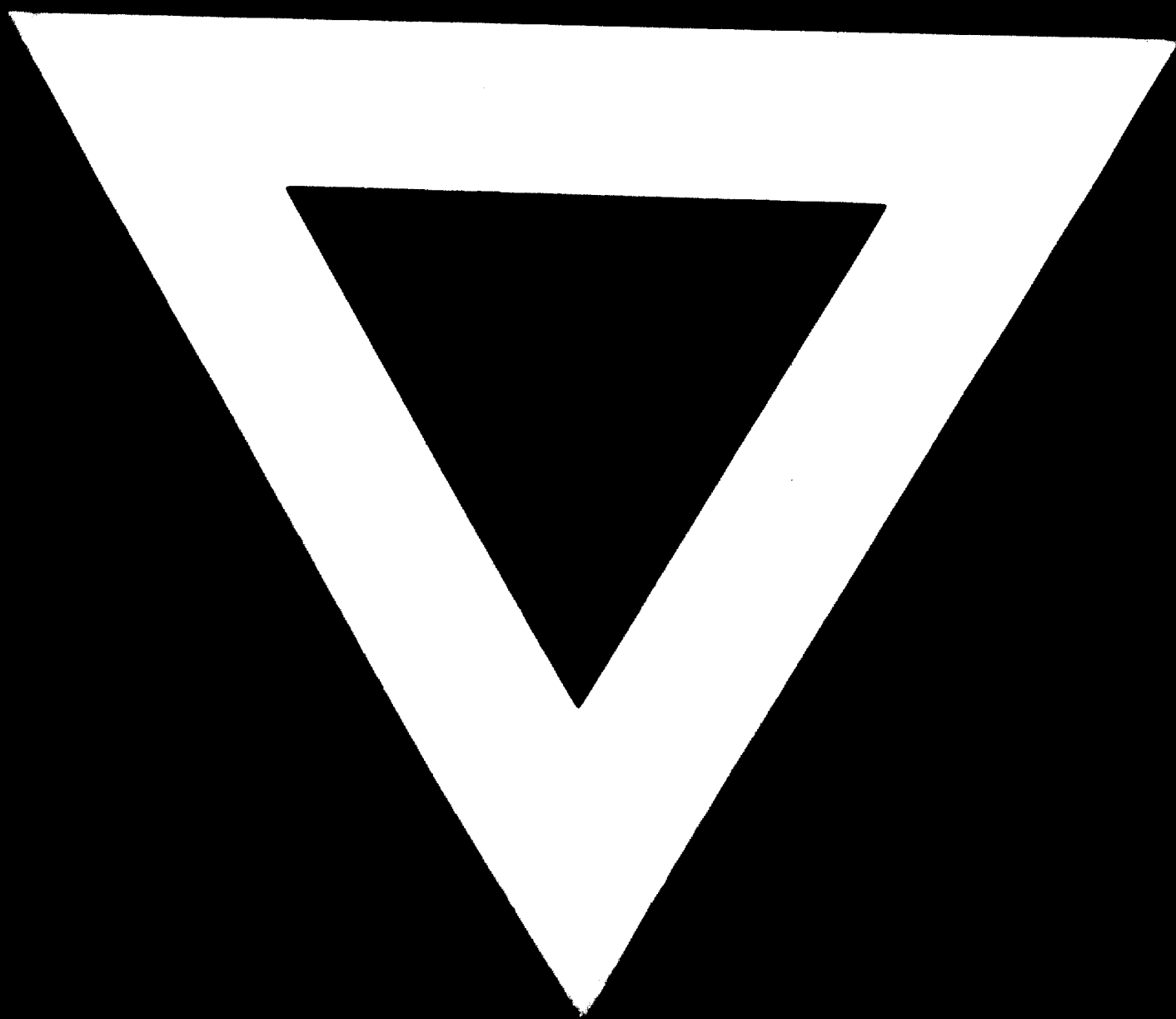
SECTION 33

The licensee under section 20 and section 21 shall exhibit the standard mark before taking the industrial products out of the premises where they are manufactured or before receiving them from the Customs officer. In the latter case, the Minister may permit that the standard mark be exhibited under specified conditions afterwards.

In the case where there is an evidence that the imported industrial products are in conformity with a foreign standard comparatively not lower than the standard under this Act and there is a foreign standard mark exhibited thereon, the Council may exempt the licensee from using the standard mark under paragraph one.

(Note: The Thai version prevails; the translation is given for purposes of discussion)





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