



NUMBER: 16-17

October 2016

How RCEP Can Achieve Better Consumer Protection Using Improved Product Testing

WHY TESTING MATTERS

While high tariff rates are barriers to firms, these are not the only obstacles that companies face in selling goods across RCEP markets.

Businesses often struggle with a variety of non-tariff issues and asking them to send products for testing and retesting in multiple markets is prohibitively expensive.

A supplier can only sell a product in a market when it meets all the applicable requirements.

Product standards are, of course, needed to protect consumers from unsafe and hazardous items in the marketplace. Governments have legitimate concerns about ensuring that their citizens remain safe from harm and that products in the market are not counterfeit.

Conformity assessment procedures are therefore created to ensure product and consumer safety. These assessments can include testing, inspection, certification and/or accreditation, and are to be carried out before the product can be sold. The use of such assessments helps ensure a high level of confidence of governments, consumers and manufacturers regarding the conformity of products.

But the use of conformity assessment can also be used as a barrier to trade, particularly if companies are asked to test and retest products. If such assessments are not essential or are in excess what is strictly necessary, such conformity assessment procedures can also act as “Non-Tariff Barriers” (NTBs). Such NTBs will reduce the overall benefits of RCEP for government, consumers and businesses.

The testing laboratories that are used in a wide range of industry sectors provide independent and objective analytical data on the quality of a product or a process. Testing laboratories are certified or accredited by governments and procedures may vary from government to government and from application to application.

Given the complexity involved in testing, most laboratories usually limit themselves to few testing areas. The amount of time needed to get results on tests is often significant and the costs of testing for a firm are high.

THE DIRECT IMPACT OF DUPLICATIVE TESTING

Higher costs and time spent waiting for testing products can constitute significant barriers to new market entry for manufacturers.

Avoiding duplicative and unnecessary testing is one key to ensure proper implementation of RCEP within participating countries as it will allow products to be exported quickly to other countries at lower costs without compromising on safety.

The impact of excessive testing is borne especially hard by the smallest firms. Small and medium sized enterprises (SMEs) can simply be put out of business with higher costs and lost time to market. SMEs cover about 97% of the economic activity in Asia and are critically needed to drive economic growth, promote job creation and foster innovation in the region.

Ironically, excessive testing may drive consumers to purchase less safe products. Counterfeit products in the marketplace skip over legitimate testing procedures and offer unsafe items at lower prices.



HOW TO INCREASE CONFIDENCE IN TEST RESULTS

RCEP Countries should align their standards as much as possible with the international standards adopted by the International Standardisation Organisation (ISO). It will increase confidence of exporters as they will improve certainty of market access in the exporting country and will allow a smooth flow of goods by reducing NTBs.

Each RCEP standard adopted as an international standard will represent a potential advantage for RCEP companies to sell their products and services globally.

In order to be competitive, local and international companies are carefully studying their supply chains and many firms prefer to work with countries that recognise the existence and apply international standards.

Confidence in the accuracy and independence of the results from testing laboratories is a crucial part of protecting consumers from unsafe and fraudulent products.

KEY RECOMMENDATIONS

The main objective should be to ensure that unsafe and non-compliant products do not enter RCEP markets

- Recognize that different countries have different means of achieving the same testing ends. These testing procedures may vary by product. Some RCEP members may use Non-Government entities, some may accept industry self-regulation, and some may use Government agencies for testing. Provided they achieve the same aims, parties should not discriminate.
- RCEP Countries should use international standards as much as possible. Not only will these ease comprehension and transaction costs but will facilitate domestic trade with countries outside RCEP.
- The proof of competence of testing laboratories should be based on requirements as defined in international standards. The use international standards

in testing processes will allow local industries to grow, which is particularly true for smaller firms.

- Testing regimes should be agreed upon before a product can enter the importing country without having to double test in the country that is importing the product.
- Testing requirements should be limited to effective needs for the best accuracy of results, should not be overly constraining, with sustainable testing intervals, sampling that can be done by manufacturers, and testing requirements should be designed with consumer safety in mind.
- Establish an RCEP Committee for Standards and Technical regulation.
- The rules for conformity assessment and the laboratory testing system must be made as transparent as possible.
- Alternatively, to eliminate double and multiple testing is the use of transparent MRAs that agree to recognize results of another member's testing laboratories.
- In the development of testing requirements, it is important to take in consideration the views and experiences of stakeholders like consumers, producers, testing laboratories, trade associations, etc. as they are used to trading in many different countries. As a learning process, provide them with an opportunity to comment on proposed changes to domestic regulations.

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