

**FOLLOW-UP REPORT ON THE IMPLEMENTATION OF
SUPPLIER'S DECLARATION OF CONFORMITY**

Submission by the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu

Addendum

1. In the first submission (G/TBT/W/195) made to the Committee on 12 March 2003, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu described experiences gained from the first year of implementation (2002) of the supplier's declaration of conformity (SDoC). The first market surveillance review, carried out in August 2002, found that 30 per cent of the SDoC products did not bear the required inspection mark. One possible reason for such a high rate of non-compliance could have been a lack of awareness of the requirements of this newly introduced system. Manufacturers could have misinterpreted the changes in the deregulation process - in our case a shift from pre-market control to post-market surveillance - as being relaxation of regulatory controls and enforcement. Therefore, further efforts were made to emphasize to manufacturers the requirements of the SDoC system and explain the enforcement tools available to the regulator. A second review of SDoC's effectiveness was then carried out in December 2003.

2. The Third Triennial Review by the Committee in November 2003 includes an item calling for the exchange of information and experiences on the implementation of SDoC in the Work Programme in the area of Conformity Assessment Procedures. As a contribution to the discussions on this particular topic, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu would like to take the opportunity to report on the practical experiences of SDoC implementation so far.

3. The results of the second review of SDoC's effectiveness identified areas that significantly affect the success of the system, therefore we have included details of the procedures and analysis of the results, in the hope that Members reaching a similar stage in their implementation of SDoC might find our experience to be a useful reference.

I. BASIC ELEMENTS OF THE SECOND SDOC MARKET SURVEILLANCE REVIEW

4. Adjustments were made to existing market surveillance practices and a course of action was developed to help market surveillance staff conduct the review. The review was in two parts: (1) Appearance checks were carried out by the same method used in August 2002, i.e. by checking whether the inspection mark was affixed to the products. The main purpose of the appearance checks is to determine the effectiveness of the awareness-building programmes. (2) Sample testing, consisting of purchasing samples from the open market and verifying whether the purchased sample is consistent with the information contained in the related declaration of conformity and technical report. It also involves physical testing of the product against the relevant standards.

5. Exchangeable power supply, a key component that affects the electromagnetic compatibility performance of a computer, was the product selected as the subject of this review. Appearance checks were made on 187 exchangeable power supplies from 91 manufacturers. Sample testing was

conducted on 21 exchangeable power supplies from 13 manufacturers, purchased from different distributors across the country.

II. RESULTS OF THE REVIEW

6. From the appearance checks, it was found that only 1 out of 187 examples of the product did not bear the required inspection mark - a non-compliance rate of 0.5 per cent. This means that virtually all exchangeable power supply manufacturers (hereinafter referred to as “the manufacturers”) are aware that their products are subject to mandatory inspection and should bear the inspection mark. Out of the 186 items bearing an inspection mark, 114 carried the SDoC mark, indicating that around 60 per cent of the manufacturers were also aware that the conformity assessment procedure had changed from type-approved batch inspection to SDoC.

7. From the sample testing, 10 out of the 21 items were found not to be in compliance with the requirements - a non-compliance rate of 47.7 per cent. The reasons for non-compliance included lack of a declaration of conformity, inconsistency between the information contained in the declaration of conformity and the technical reports, declarations of conformity signed after the purchase date and failure to pass the inductive test required by CNS 13438 (equivalent to CISPR 22).

III. ANALYSIS OF THE REVIEW RESULTS

8. In the second review, the appearance checks showed satisfactory results in comparison to those conducted in 2002, where the non-compliance rate was 30 per cent. We were pleased with the apparent effectiveness of the programmes designed to raise manufacturers’ awareness of the new system. These emphasized the responsibility of manufacturers to comply with the requirements and explained the enforcement tools available to regulators.

9. The high rate of non-conformity in sample testing, however, raised serious concerns about the effectiveness of the SDoC system to meet legitimate objectives, particularly when these non-conformities could no longer be attributed to lack of awareness, as confirmed by appearance checks results. The non-conformities can be further classified into three types: (1) inconsistency between the purchased sample and information in the related documents, but without test failure; (2) consistency of information, but with test failure; and (3) inconsistency of information and test failure. Although these three situations all constituted violations of regulations, a list of possible reasons was developed to see what measures could be taken. Reasons included the following: negligence on the manufacturer’s part by mixing up similar products targeted for different markets; ineffective quality control in the manufacturing process where it was not possible to produce products that were in conformity with the sample being tested; the problem of “golden samples” deliberately produced for testing purposes; the inspection mark being affixed dishonestly; and products placed on the market without testing.

10. Measures under consideration for correcting such a high-rate of non-conformity include providing assistance to manufacturers in taking corrective action, strengthening the surveillance programme and imposing penalties according to the nature and source of non-conformities. Although the imposition of penalties could be the most effective tool in discouraging manufacturers/importers from violating laws or regulations, we also believe that the relationship between regulators and manufacturers and/or importers should be collaborative. Penalties for violations were prescribed in Articles 59-64 of the Commodity Inspection Act. Violations that involve a lack of technical documents, no testing at all or making false or incorrect statements shall be subject to a fine of not less than NT\$ 200,000 (approximately US\$ 5,970) but not more than NT\$ 2,000,000 (approximately US\$ 59,700). In addition, relevant laws and regulations were reviewed to see whether deficiencies exist and how amendments could be made to correct them.

IV. CONCLUSION

11. Because of the limited amount of empirical information available, we decided to adopt a “trial-and-error” process in the implementation of SDoC. We felt that even though the results may not be very successful at this stage (with a non-conformity rate of 47 per cent), it would still be useful to share experiences to date with Members, especially in view of the future discussions on SDoC planned by the Committee. It is evident that, along with the benefits that the SDoC system can bring in terms of facilitating trade, there are constraints that need to be taken into account in order to have a successful system without compromising the protection of consumers. These constraints vary in different societies and it is only through the exchange of empirical experience that a comprehensive understanding of the SDoC system can be developed.
