

Market Surveillance Mechanism for Industrial Products

in the Separate Customs Territory of
Taiwan, Penghu, Kinmen and Matsu

(With focus on SDoC)

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Organization and Responsibilities (I)

- The Bureau of Standards, Metrology and Inspection (BSMI) under the Ministry of Economic Affairs is the governmental body in charge of market surveillance for most industrial products. The BSMI has seven divisions. The second, third and fifth divisions are responsible for planning and supervision of market surveillance programs.
- The BSMI also has six branch offices around the island, in Hualian, Keelung, Hsinchu, Taichung, Tainan and Kaohsiung.

Organization and Responsibilities (II)

- Market surveillance personnel will collect information on violations, conduct product investigations, supervise the recall or improvement of products by manufacturers, provide advises to manufacturers and consumer education.

Approaches of Market Surveillance

- Collection of information on violations
- Compilation of manufacturers' information
- Analyses of risk factors
- Market surveillance plans
- Product investigation
- Processing of violating products
- Consultation and advisory
- Consumer education
- Related information made publicly available

Summary of Declaration of Conformity (I)

- Manufacturers shall prepare relevant technical documents to assure that the commodity conforms to the inspection standards, and sign a declaration.
- For each product subject to Declaration of Conformity, the BSMI announces the applicable inspection standard(s) and elements to be contained in the technical documents.
- The testing required for drawing up a declaration shall be conducted by the BSMI or testing laboratories recognized by the BSMI (designated testing laboratories).

Summary of DoC (II)

- For any products under check during market surveillance, the declaration of conformity shall be presented in 24 hours, and technical documents be submitted to the BSMI within 10 days.
- The declaration of conformity and relevant technical documents shall be retained for at least 5 years after the product in question is no longer imported or manufactured.
- Products with low risk to safety were selected as the first group of products to implement DoC, such as computer components.

Market Surveillance in General (I)

- Places of market surveillance
 - places of display and sale of commodities;
 - production premises or storage places where the commodities subject to inspection are manufactured or stored; or
 - places of business, work places, or other places where the commodities are installed or being used.

Market Surveillance in General (II)

- Market surveillance is conducted in the following ways:
 - annual education plans;
 - annual market surveillance plans;
 - information provided by volunteers that are selected to help monitor consumer goods;
 - information provided by consumers or consumer protection groups; or
 - other sources of information (the Consumer Protection Commission)

Market Surveillance in General (III)

- Annual plan of market surveillance is drafted by taking account of the followings:
 - risk assessments;
 - information on market surveillance;
 - characteristics of different products; and
 - characteristics of different areas.

Market Surveillance in General (IV)

- Implementation of market surveillance
 - education programs for manufacturers and distributors;
 - inspection plans for commodities;
 - purchase or sampling of commodities from market place for inspection; and
 - sampling of commodities for inspection from the production premises or storage places.

Market Surveillance in General (V)

- Inspection of commodities on the market
 - To check whether commodities have passed inspection;
 - To check whether commodities are affixed with appropriate inspection mark or label in accordance with related requirements;
 - To check the existence of commodities that are prohibited from being displayed on the market; and
 - To check whether commodities are recalled within the specified time limit as instructed by orders.

Market Surveillance in General (VI)

- Inspection of commodities purchased from the market or sampled from production premises
 - To check the mark and label of sampled commodities;
 - To compare the sampled commodities with the information contained in test reports and technical documents; and
 - To conduct testing of the sampled commodities against designated standards.

Market Surveillance in General (VII)

- Penalties for violating products
 - To request the responsible persons to take corrective action within a given time limit;
 - To impose fines, ranging from NT\$ 200,000 (about US\$ 6,451) to NT\$ 2,000,000 (about US\$ 64,510);
 - To order that the products in question shall not be imported, manufactured, produced, displayed or sold;
 - To assist manufacturers to recall products and complete the inspection procedures.

Market Surveillance of DoC (I)

- DoC was introduced in 2002 and specific market surveillance programs were conducted in both in 2003 and 2004 to monitor the implementation of DoC.
- Market surveillance annual plans cover both appearance checks and sample testing of products purchased and sampled from market or production premises around the island.
- The 2003 market surveillance plan only sampled one product, switching power supply.
- The 2004 market surveillance plan sampled all DoC products except switching power supply.

Market Surveillance of DoC (II)

- The result of 2003 market surveillance plan
 - Appearance checks (checking whether the inspection mark was affixed to the products): 187 samples from 90 distributors; only one example did not bear the inspection mark -- a non-compliance rate of 0.5%.
 - Sample testing: 21 samples, among which 10 were found to be not in compliance with the requirements (e.g. lack of technical documents and declaration of conformity, false content in the technical documents and failure to pass the EMC testing) -- a non-compliance rate is 47.7%.

Market Surveillance of DoC (III)

- The result of 2004 market surveillance plan
 - Appearance checks: 406 samples and 23 examples not bearing the inspection mark – a non-compliance rate of 6%.
 - Sample testing: 75 samples, among which 18 examples were found to be not in compliance with the requirements (e.g. lack of technical documents and declaration of conformity, false content in the technical documents and failure to pass the EMC testing), -- a non-compliance rate of 24%.

Analysis (I)

- The experience of adopting SDoC is not very successful up to this date as the noncompliance rate is still relatively high in comparison with the normal noncompliance rate under other conformity assessment procedures.
- Factors that possibly affected the success of SDoC include manufacturer's legal concept, consumers' awareness of and confidence in product certification, lack of confidence by regulators, completeness of regulations, effectiveness of market surveillance mechanism, etc.

Analysis (II)

- To improve the implementation of SDoC, we would appreciate sharing of experiences by developed country members on:
 - How post-market surveillance is conducted and its effectiveness;
 - Problems occurred along the implementation of SDoC system;
 - Changes made in the course of establishing an effective SDoC system, reasons for such changes, and factors being considered to decide on such changes; and
 - The current and future development of SDoC system.

Analysis (III)

- Factors to be considered to implement the SDoC system:
 - Complete government resources: financial resources, human resources, and information resources.
 - Complete legal environment: to develop appropriate laws and regulations, implementation and enforcement.
 - Promotion and education: manufacturers, importers, distributors, and consumers.
 - Manufacturers' legal concept: self-discipline, observance of laws, altitude.
 - Consumer behavior: knowledge, concept, consumption.
 - Effective market surveillance mechanism: legal environment, techniques, management skills.

Conclusions

An effective market surveillance mechanism is very important to ensure safety of consumers and benefits of manufacturers by discouraging organizations from placing noncompliant products on the market in the course of simplification of inspection systems and deregulations.