



**COMMENTS ON THE
CHINESE COMPULSORY CERTIFICATION (CCC) SCHEME**

Orgalime Position Paper

19 July 2004

Executive Summary:

In order to limit the inconsistencies and to reduce the costs to European engineering companies created by the introduction of the Chinese Compulsory Certification Scheme (CCC mark), we identify in this paper some shortcomings in the CCC scheme and make suggestions for streamlining and improving the system.

Orgalime believes that at the present time, the procedure is unnecessarily expensive, too lengthy and time consuming. Factory inspections carried out in Europe are particularly burdensome and a major source of delay. In some cases we feel that there is an unnecessary double certification.

Orgalime therefore requests that

... in the short run:

- in cases where companies are certified according to international standards no factory inspections (by Chinese authorities) should be necessary,
- the information policy should improve: this is especially important for SMEs that do not have a representation in China. Chinese authorities could establish here in Europe a competent contact point that should be able to provide reliable information and help,
- existing special procedures for deliveries of industrial spare parts should be further simplified,
- for special deliveries in very small quantities simplified procedures should be established,

... in the long run:

- it should at the least be possible to carry out some procedures in Europe. European certification bodies should get the accreditation for testing products and carrying out the factory inspections.

1. INTRODUCTION

Orgalime is the liaison group representing the interests of the European mechanical, electrical, electronic and metalworking industries at the level of the EU. Orgalime's members include, at the present time, 33 national trade federations representing some 130,000 companies in 23 European countries. These industries, which include mainly small and medium sized companies, employ some 7 million people and account for around 1,175 billion Euro in the GNP.

Over 21 billion Euros of products manufactured by our industry were exported to the People's Republic of China in 2003. Our industry is therefore in general extremely sensitive to trading conditions and regulations that hinder the free flow of trade between the EU and China, and in special to the newly introduced Chinese Compulsory Certification scheme (CCC mark). Due to their nature, a range of our products falls under this compulsory certification scheme.

2. CHALLENGES FOR EUROPEAN INDUSTRY

Following its accession to the WTO, China reformed its certification system and introduced on 1 August 2003 the Chinese Compulsory Certification Scheme (CCC mark). The Chinese AQSIQ (State General Administration for Quality Supervision, Inspection and Quarantine) and more specifically the CNCA (Certification and Accreditation Administration) and CQC (China Quality Certification Centre) are in charge of the implementation and administration of the certification procedure. As the CCC applies to both domestic and imported goods, it is by definition in conformity with WTO requirements.

Nevertheless, the companies represented by Orgalime, and especially SMEs, have experienced a number of difficulties since the implementation of this new certification scheme.

In the present paper we underline the nature of these difficulties and suggest some actions which might facilitate the application of the scheme. This would no doubt be to the benefit of both European manufacturers and their Chinese counterparts, since the difficulties that our exporters and investors encounter in China will also inevitably affect local industry which depends to a large extent on imported capital goods and spare parts to operate. We therefore request the Commission to take note of the problems that our industry is encountering and to raise these issues during their ongoing discussions with the Chinese administration with a view to achieving pragmatic solutions.

EXPENSIVE AND TIME-CONSUMING PROCEDURES

Orgalime receives the following two recurrent complaints from its member companies: first the CCC procedure is too expensive; second it is too time consuming.

We particularly object to the system of factory inspections by experts sent from China, which are burdensome, extremely costly and a major source of delay. Moreover there is at present a requirement that they should be repeated on a yearly basis. We question the need for sending experts from China and the need for yearly inspections. We feel that factory inspections, if required at all, should be delegated to European based inspectorates and should not need to be repeated without due justification. This would re-establish a certain balance with the requirements placed on domestic manufacturers who can call upon local inspectorates.

We have reports that some companies, which had previously already traded with China, took over a year to get the CCC mark, often due to the unusual procedures requested. For instance for some of products subject to CCC, Chinese inspection agencies require two samples of the product for product tests, although worldwide generally one sample is sufficient. Moreover,

Chinese authorities use this as justification not to accept test reports made by inspectorates not based in China, which are based on one sample.

UNNECESSARY DOUBLE-CERTIFICATION

Orgalime feels that, in a number of cases, unnecessary double certification takes place. This double-certification to our mind creates costs without providing any additional benefits either to the Chinese consumer or to manufacturers operating in China.

THE SCOPE OF PRODUCTS SUBJECT TO CCC, EXEMPTIONS AND SPECIAL PROCEDURES

We receive complaints from member companies for the following situations:

- Special deliveries: it is burdensome and, to our mind, difficult to understand the logic of applying similar procedures to products produced or delivered in very small quantities as apply to mass products.
- Industrial spare parts and components: for industrial spare parts and components for production machinery or installations a special procedure has been established by Chinese authorities, which industry welcomes as an improvement. However, this procedure needs to be further simplified. It is not in the interest of any party, if missing spare parts and components for production machinery and installations unnecessarily cause stoppage of production for some weeks.

PROTECTING KNOW-HOW AND INTELLECTUAL PROPERTY RIGHTS OF ORIGINAL MANUFACTURERS

European Companies are often surprised and worried by the technical questions they are asked in application documents and questionnaires, which are much more detailed than in similar procedures in the EU or US. This is naturally a very sensitive area for an industry that produces innovative high-tech products and which has been suffering from counterfeiting and piracy.

3. ORGALIME DEMANDS IN THE SHORT RUN: SIMPLIFY THE PROCEDURES

In Orgalime's view the current procedures could be simplified in several ways. We would request the Commission to take the following proposals into account when discussing with AQSIQ and CNCA:

- Chinese authorities should be encouraged to accept international standards. We believe that IEC Tests should be accepted, if the Chinese GB-Standards are identical. The scopes of International certification schemes could be extended, for example with the IECEE CB scheme. In addition the principles of mutual recognition with no additional testing should be implemented as advocated by the IECEE. We furthermore feel that no factory inspection should be necessary, if a company is ISO 9001 certified (2000 version). The more deviations there are from acceptance of international standards, the more barriers to trade may inevitably arise, even in those countries which today fully apply international standards. This is of course not an advantage for any country or area which is a major trading entity.
- The same concessions given to US manufacturers by the Chinese acceptance of UL standards should also be granted to manufacturers using IEC/ISO standards.

- The information policy on CCC needs to be improved. We would welcome that Chinese Authorities should establish competent contact points in Europe, which would be especially useful for SMEs that do not have a representation in China. The contact point should be able to provide reliable information and help, for example to inform companies for which products mandatory certification is required, which Chinese authority is in charge of what precise product (this is sometimes not clear) and to explain the difference between Chinese GB standards and international standards as well as the differences between the Community and the Chinese Customs codes.
- Existing special procedures for industrial spare parts that are delivered separately for the maintenance of production machinery and installations should be further simplified. Furthermore, it would only be a consistent application of policy if such spare parts, which are destined to be incorporated in a complete machine which itself does not need a certification, be exempted from CCC.
- For special deliveries of products produced or delivered in very small quantities simplified procedures should be established.
- Factory inspections should be delegated to inspectorates based in Europe.
- The protection of technical Know-How and Intellectual Property Rights should be respected.

4. SOLUTIONS FOR THE LONG RUN

ACCREDITATION OF EUROPEAN CERTIFICATION BODIES

European industry believes that it should be possible to obtain the CCC mark here in Europe from an accredited European certification body. We feel that European companies are disadvantaged compared to their Chinese Counterparts, as Chinese engineering companies exporting to Europe face less problems: for a large number of products in Europe no third party certification is required and a manufacturer's self declaration is sufficient. We would therefore wish that in the long run European companies could profit from the same framework as their Chinese counterparts.

We also warmly welcome the Commission's promotion of the European regulatory model based on the New Approach.

5. CONCLUSIONS

Orgalime very much welcomes the support of the Commission on this matter to date. The exchange of information and expertise, already before the implementation of the CCC, and successful collaboration in conferences and seminars on this subject have done much to evidence the problems caused by CCC.

Problems with CCC implementation raised by the Commission in the WTO-TBT Committee in the framework of the transitional review mechanism for monitoring China's implementation of the WTO provisions, where the Commission has especially emphasised that national treatment between domestic and imported like products should be pursued.

Orgalime therefore looks forward to the continued support of the Commission on this issue and will be happy to provide further input on the ongoing problems faced by engineering companies subject to CCC.