

# WORLD TRADE ORGANIZATION

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**Committee of Participants on the Expansion  
of Trade in Information Technology Products**

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## **SUBMISSION FOR THE NON-TARIFF MEASURES WORK PROGRAM**

### Communication from the United States

The following communication, dated 25 April 2002 has been received from the Permanent Delegation of the United States.

#### **Redundant Testing and Certification Requirements**

Worldwide, there has been an exponential increase in redundant testing and certification requirements for IT products. Such requirements delay entry of these products into the marketplace and unnecessarily add cost. They delay customer (government, industry and individuals) access to the latest technology, discourage small and medium-sized enterprises (SME's) from entering the international marketplace, unnecessarily encumber the marketing and sale of IT products by established producers, and result in additional costs with no added value to either the purchaser, the public or the government that imposes them.

International standards setting bodies have succeeded in developing internationally recognized safety and electromagnetic interference standards for many IT products. Nearly all governments that regulate in these areas have adopted these international standards and this global harmonization has greatly facilitated global trade. However, the proliferation of country specific regulations in the areas of testing and certification is now seriously diminishing the benefits of these global standards. Many of these requirements cause repetition of tests that have already been performed with no additional benefit to customers or to society.

While standards and conformance measures are not trade barriers per se, they can and often are used in regulatory measures with the effect of delaying or impeding market access for IT products and can be classified as NTMs. Considering that the life cycle of some IT products is extremely short, anywhere from six to sixteen months, a three-to-eight week delay caused by redundant testing procedures or duplicative paperwork is significant. The countries with the most burdensome barriers to market entry have the most to gain from streamlining their regulations.

Burdensome regulatory procedures and the lack of portability of conformity assessment data need to be addressed and eliminated. Regulatory procedures, such as duplicate type approval regimes, often require administrative processes that result in excessive time and cost, slowing a product's time to market without any value-added to the safety or quality of the product. The lack of portability of conformity assessment data is an obstacle that often results in such duplicative and redundant testing and certification. Testing and certification that has been conducted in accordance with the recognized internationally harmonized standards by reputable organizations should be recognized by the regulations. Additional testing and certification repeats that which has already been completed without offering any additional value. These NTMs need to be eliminated in order to promote trade

and to continue development of all commerce (including e-commerce) to advance worldwide economic growth.

For example in some countries an additional “mark” must be placed on IT products after approval by an agency of that country to show conformance with its Electro Magnetic Conformity (EMC) requirements. These countries will not accept foreign test reports but require in-country testing -- in effect, mandating duplicative testing. In addition, there are cases in which each separate manufacturing location cited in a country’s certification application is subject to inspection in addition to the original certifier. This process results in redundant and duplicative factory inspections, wasting the time and resources of the manufacturer as well as the regulators – again without any added value – in the cases where the product is identical.

The portability of conformity assessment can reduce the redundant testing and certification of products. The global acceptance of existing marks of conformity once the products have been certified to the internationally harmonized standard (including, in the case of safety, national deviations for the interface to the national electrical infrastructure) would be of great benefit to the customer and to manufacturers with no decrease in the level of safety. Two examples of -conformity assessment are national treatment of either third party marks of conformity or suppliers declaration of conformity.

Multiple testing to common requirements by third parties worldwide does not increase safety. It imposes unnecessary burdens on IT manufacturers and customers in the form of additional costs and delays in product availability. Worldwide redundant testing requirements often lengthen the time-to-market for computers, computer peripherals and telecommunications equipment by eight weeks or more. The U.S. International Trade Commission (ITC) has estimated that duplication in United States and European testing and certification for computers, telecommunications equipment and other IT products costs U.S. companies and consumers more than \$1.3 billion annually<sup>1</sup>. Furthermore, a comprehensive study by the Organization for Economic Cooperation and Development (OECD) shows that OECD countries’ approval requirement for telecommunications --which lead to testing redundancy similar to that for safety -- accounts for slightly over 2 percent of the price of the exported products<sup>2</sup>.

In an industry marked by rapidly evolving technology and short product life cycles an eight-week delay in getting products to market imposes substantial adverse effects on IT manufacturers.

### **Certificate of Origin Mandates**

The certificate of origin requirement is an additional, unnecessary documentation requirement that appears to violate the ITA and that has become a significant NTM for trade in IT products. The certificate of origin requirement can be extremely burdensome in that it can take a full shipping day (or longer if the shipment is scheduled for delivery on a weekend) to get the certificate of origin approval from the exporter’s shipping country. Even a one-day delay translates into millions of dollars worth of products in inventory that cannot be shipped to the ultimate destination.

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<sup>1</sup> U.S. International Trade Commission, Office of Industries, "Global Assessment of Standards Barriers to Trade in the Information Technology Industry," November 1998, p. 4-8.

<sup>2</sup> OECD: "Product Standards, Conformity Assessment and Regulatory Reform." OECD Report on Regulatory Reform. Paris: 1997 OECD.

The information submitted as part of the usual required customs documentation (i.e., a goods declaration and/or invoice) is already sufficient for providing the information necessary to enter the shipment and protect the revenue, commerce and customs laws of the importing country. Furthermore, the certificate of origin requirement is very costly especially in the absence of an explanation of the intent underpinning the requirement, making its utility in the import process difficult to understand.

## **Conclusion**

IT has played a pivotal role in worldwide economic growth. In order for this growth to further expand to areas of the globe it has not yet reached, the elimination of non- tariff trade measures such as redundant testing and certification and mandated certificates of origin are imperative. The ITA has made concrete progress in reducing tariffs on IT products to the benefit of many. More progress can be made in a similar fashion if non-tariff barriers to IT trade remain a focused effort.

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