



NUMBER: 18-04

July 2018

## Conformity Assessment Procedures for the Toy Industry in the Regional Comprehensive Economic Partnership (RCEP)

### Negotiations in STRACAP

As the negotiations in the Regional Comprehensive Economic Partnership (RCEP) continue, officials are busy working on the final texts for the chapter on Standards, Technical Regulations and Conformity Assessment Procedures (STRACAP).

This is a critically important chapter of the final agreement for companies across the 16 party RCEP agreement.

Increasingly, firms have encountered challenges across Asian economies as they try to navigate multiple country rules and regulations in standards and conformity assessments.

Incompatible standards and complicated and expensive testing procedures can make it difficult or impossible for companies to do business across RCEP economies. This creates a particular burden for smaller firms that do not have the resources of larger firms.

### The Importance of Toys and Play

Toys and play are an essential part of a healthy childhood, helping children learn about themselves and the world around them. During play, the use of toys—particularly educational toys—help develop cognitive, problem-solving, and social skills, and improves physical and emotional well-being.

Governments across the region have created regulations to ensure that children—a particularly vulnerable consumer group—are safe from exposure to dangerous toys.

However, the different standards and enforcement procedures across RCEP countries has posed a challenge to the toy industry. Conformity assessment procedures in particular can be difficult

to navigate effectively, impacting trade and ultimately access to safe and quality toy products.

In Asia, countries have adopted a variety of conformity assessment procedures to enforce toy product safety standards. The complexity and cost of navigating and complying with each of the numerous regimes is a challenge for toy manufacturers in the region and hinders trade. This challenge is shared by distributors and retailers aiming to deliver safe, licensed, non-counterfeit toy products.

To promote access to safe and quality toys, and promote trade, we propose the inclusion of a common assessment procedure in a toy sector annex to the Regional Comprehensive Economic Partnership (RCEP) as a practical first step.

Having a sectoral group that meets for RCEP economies will allow the region to develop regulations to encourage the spread of best practices across Asia.

### An Example of the Challenge: Four Countries, Four Different Conformity Assessment Procedures

Thailand, Vietnam and Indonesia all have different conformity assessment procedures, illustrating the need for harmonization. Each policy differs in terms of the number of scheme options available; what is tested or inspected; which bodies conduct testing or inspection; and the duration for validity of an assessment:

- **Thailand's** conformity assessment procedures allow for scheme 1 and scheme 5. Testing and inspections may be conducted by APLAC/ILAC-accredited domestic and international labs recognized by Thai Industry Standards Institute (TISI).



- Scheme 1: In Thailand this requires the submission of quality assessment control and sample product test results. The license has an indefinite validity period, subject to yearly follow-up inspections.
    - Thailand also allows for an additional option for importer of less than 500 items of one product type, which can be tested at the port of disembarkation.
  - Scheme 5: In Thailand this requires both a quality control system assessment and a Product quality sample assessment. The license has an indefinite validity period, subject to yearly follow-up inspections.
  - **Vietnam's** conformity assessment procedures allow for scheme 1, scheme 5 and scheme 7. There are 14 accredited institutions that can conduct product testing and issue the conformity certificates, including the government's certification centre and various private entities, including foreign companies with international accreditation.
    - Scheme 1: In Vietnam this requires the testing of a typical design sample. The certification only covers the specific toy-design (toys with the same function, structure, design, and materials). The toys must be re-certificated every three years.
    - Scheme 5: In Vietnam this requires the testing of a typical product sample, an assessment of the manufacturing process, and post-certification inspection. The certification only covers the specific product type (toys with the same function, structure, design, and materials). The toys must be re-certified every three years.
    - Scheme 7: Which for Vietnam requires the testing of a representative sample from a lot. The certification only covers the product lot (a lot is an assemble of toys in a specific quantity that have the same name, function, brand, type, technical features, manufacturer, and import dossier). The certification is valid indefinitely.
  - **Indonesia's** conformity assessment procedures allow for only one testing scheme, 1N, based on ISO scheme 1 (testing is only for products, rather than factories or other facilities.) Only domestically-based labs, (registered with the Indonesian Ministry of Industry) are permitted to test and inspect goods.
    - For domestic manufacturers, testing currently occurs every six months.
    - For importers, testing is required for every shipment.
  - Some RCEP countries, such as **Korea** and **Australia**, accept test results of other established standard systems such as EN 71 (European toy standard testing) or ASTM (American toy standard testing), and/or allow for testing to be done in a lab located anywhere in the world.
- ### Common Conformity Assessment Procedures Across Asia
- RCEP should have consistent conformity assessment procedures among RCEP countries.
- We believe that an achievable solution is to provide three options for conformity assessment procedures:**
1. Conformity assessment procedures based EN 71 or ASTM
  2. Conformity assessment procedures based on ISO scheme 5
  3. Conformity assessment procedures based on ISO scheme 1
- Such a solution will ensure the safety and quality of toys in RCEP countries, while allowing for different toy industry stakeholders—large and small, foreign and domestic—to prosper.
- #### *EN 71 or ASTM Benefits*
- Major toy companies already adhere to EN 71 or ASTM conformity assessment procedures, and smaller toy company that aim to grow and move into international market also aspire to conform, given the size of the markets that it opens up.
- #### *Scheme 5 Benefits*



Scheme 5 requires certification of manufacturers' quality management systems, which includes design, manufacturing, and production consistency—crucial to producing safe and quality toys. This is in addition to meeting toy product safety requirements. Scheme 5 may also include market monitoring processes, including re-testing of products in the market, which may be conducted annually by a certified body.

Given the ongoing surveillance, the validity of the certification may be four to five years.

### *Scheme 1 Benefits*

While Scheme 5 provides excellent outcomes, it can also be burdensome for small toy companies and importers, since it includes factory certification.

By using scheme 1, where product samples are taken per production lot/batch, manufacturers and importers of products that meet toy product safety standards—but may not yet be able to meet international standards for consistent quality management, or often change product types—can still bring those products to market.

### *The Proposed Model*

The proposed model gives RCEP economies flexibility in determining the right level of conformity assessment procedures for their market, while still ensuring a more limited number of overall testing and certification regimes within Asia. It better suits the needs of smaller toy companies hoping to grow beyond domestic markets and still satisfies the understandable concerns of regulators and parents worried about children's safety.

## **Creation of a Toy Committee**

For the toy sector, RCEP should create a regulatory committee composed of stakeholders from government and industry to consider future developments and craft best-practice solutions to future challenges. This committee should meet regularly and report annually to leaders on progress in creating a safe environment for children in the region. This includes progress updates in domestic level implementation needed for the proposed conformity assessment testing procedures and any additional regulatory changes recommended by the committee.

## **Conclusions**

By providing for the option of conformity assessment procedures based EN 71 or ASTM, or

scheme 5, or scheme 1, governments can ensure that trade in toy products is relatively free and fair, and that toys are safe.

Providing these three options also accommodates the varying capacity and needs of different industry players, ensuring the availability of a diverse range of safe and quality toys from domestic and international sources.

Promotion of these options through the Regional Comprehensive Economic Partnership will be an important step towards achieving the goals of industry growth, product safety and child wellbeing.

The Asian Trade Centre (ATC) is the premier regional thought leader, advocate and educator for trade in Asia. ATC works directly with governments from around the world, companies, think tanks, foundations, non-governmental organizations, aid agencies and serves as the resource for trade-related activities in Asia.

This Policy Brief was drafted with input received from the Southeast Asia Toy Association (SEATA)

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