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## **Position Statement of the American Council of Independent Laboratories (ACIL) on the Conformity Assessment System of the People's Republic of China (PRC)**

### *Background*

Ten years ago, the PRC acceded to the World Trade Organization (WTO). Part of their working party report commitments to the WTO was to implement a system of national treatment for foreign-owned testing laboratories and certification bodies: a system of accreditation on an equal basis with Chinese testing laboratories and certification bodies. Admittedly, the working party report failed to specify a timeframe for providing that national treatment; since then, no progress has been made to improve market access for foreign-owned bodies. The lack of progress in this sector adds costs and inefficiencies for US manufacturers seeking access to the Chinese market. The magnitude of the issues grows as China continues to expand the product scope for mandatory safety certification and to build new “voluntary” programs for which acceptance requires certification by a “designated” body and where the participation of foreign labs is restricted.

### *Current Practice*

The only way for manufacturers to obtain product approval for the China Compulsory Certification (CCC) scheme is to submit the product for evaluation and approval by a recognized Chinese government-owned testing laboratory and certification body. While the related laws and regulations stipulate that China should have at least two laboratories for a given product category, it is typical to have only one Chinese laboratory accredited for a given product category. Those laboratories and certifiers are accredited by the Chinese National Accreditation Service (CNAS), which is authorized by the China National Certification and Accreditation (CNCA). And CNCA rolls up into the General Administration for Quality Supervision, Inspection and Quarantine ministry, the same ministry to whom key designated Chinese labs and certifiers report into.

### *Impact on Manufacturers*

In the PRC, a manufacturer has dozens of Chinese-accredited labs to choose from. Importers of manufactured products to China, however, have to pass through the CNAS system. Again, there is little or no incentive to “approve” the competition. Further, this restriction adds time, cost and a marked disincentive for foreign manufacturers to place

products on the Chinese domestic market as the process requires a US manufacturer to submit complete product information, physical samples, design principles and construction details on the product into a system with admittedly leaky Intellectual Property Rights protection.

The Chinese burgeoning consumer market is vast; access to this market for US manufacturers would go far to improve balance trade between the US and China and have a distinctive positive impact on increasing exports and the attendant US jobs that result.

### *The China Export Market*

If importation of products was not enough of a barrier, China is now imposing even greater control over their joint venture partners by interfering with foreign-owned laboratories and certification bodies processes for the export market. This not only increases costs to the manufacturer and end-user, but is further evidence of the PRC's total disregard of their WTO obligations.

### *ACIL's Ask*

1. Create a timetable to set up a system of true national treatment.
2. Begin a process of eliminating government subsidies for State-Owned Enterprises (SOE's) synced with the timetable in 1.,supra.
3. Begin real and substantial dialogue on implementing the Asia-Pacific Economic Cooperation Telecommunications Mutual Recognition Agreement