OVERVIEW OF THE ROLE OF 3RD PARTIES IN U.S. APPROACH TO CONSUMER PROTECTION

West Africa Risk-Based Consumer Protection Series

June 25 – 29, 2018
MORE THAN 1,600 STANDARDS DEFINING SAFETY, security, quality and sustainability

UL OPERATES IN MORE THAN 143 COUNTRIES AND ACROSS MORE THAN 20 INDUSTRIES

UL SOFTWARE IS USED BY 10,000+ ORGANIZATIONS IN OVER 10 INDUSTRIES

UL has helped to set MORE THAN 1,600 STANDARDS DEFINING SAFETY, security, quality and sustainability

UL’S SUSTAINABILITY CERTIFICATIONS are referenced in... SUSTAINABLE PRODUCT SPECIFICATIONS OR PURCHASING GUIDELINES AROUND THE GLOBE

UL SERVES 1 OUT OF 3 FORTUNE 500 COMPANIES

UL HAS ENHANCED TRANSACTION SECURITY FOR:
500+ banks
20+ payment schemes
60+ mobile network operators
50+ governments/transport operators

UL serves

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WORKING FOR A SAFER WORLD since 1894

UL REACHES MORE THAN 1 BILLION GLOBAL CONSUMERS ANNUALLY WITH SAFETY MESSAGES

UL makes 92% of U.S. BUILT ENVIRONMENT AUTHORITIES PREFER UL

UL MARKS APPEAR on more than 22 BILLION PRODUCTS GLOBALLY

BRAND PRESENCE

UL WORKS TO PROTECT THE MARKET FROM COUNTERFEIT GOODS

IN 2015 ALONE, UL PARTICIPATED IN 506 SEIZURES, ELIMINATING MILLIONS OF DOLLARS OF COUNTERFEIT PRODUCTS FROM THE MARKET
THE CHALLENGE: CAN THERE BE QUALITY WITHOUT TRUST?

54% OF COMPANIES REPORT NO SUPPLY CHAIN VISIBILITY AND ARE UNABLE TO TRACK RISKS, SUSTAINABILITY PRACTICES OR PROBLEM AREAS.

58% OF CONSUMERS BELIEVE MANUFACTURERS VALUE SALES OVER PRODUCT SAFETY.

88% OF CONSUMERS WOULD STOP BUYING A COMPANY’S PRODUCTS IF THEY DISCOVERED IRRESPONSIBLE BUSINESS PRACTICES.

10% OF MEDICINES AND HIGH-TECH PRODUCTS SOLD WORLDWIDE ARE COUNTERFEIT.

COUNTERFEITING IS AN ISSUE ACROSS ALL MARKET SEGMENTS.

ONLY 3% OF CONSUMERS FIND ADVERTISED BRAND CLAIMS BELIEVABLE.
Standards Don’t Guarantee Success – The Role of Conformity Assessment

SDoC

3rd Parties

Manufacturer Determines
Society bears risk

Independence
Trust but Verify
Market Surveillance
US Product Safety System

Characteristics of the US system include:

- Highly Decentralized
- A mix of private sector (market-based) and government regulators
- Elements of market access and market acceptance needs
- Approaches vary by sector (including by Federal Agency)
OMB Circular A-119: Goals

- Eliminate costs of developing in-house standards.
- Decrease cost of goods and services procured by the government.
- Minimize burden of complying with agency regulation.
- Provide incentives/opportunities to establish standards that serve national needs.
- Encourage long-term growth for US enterprises.
- Promote efficiency and economic competition.
- Further the government's policy of reliance upon the private sector to supply goods and services needed by the Federal Government.
Several federal agencies mandate product conformity and accredit private sector providers.
The NRTL Program and Benefits of Relying on Private Sector Organizations

OSHA’s Nationally Recognized Testing Laboratory (NTRL) Program recognizes private sector organizations as NRTLs to determine that specific products meet consensus-based safety standards to provide the assurance that these products are safe for use in the US workplace.

How does OSHA benefit from reliance on private sector NRTLs?

- Recognition Process that Preserves Confidence
- Reduces Government Costs
- Lessens OSHA’s Market Surveillance Burdens
- Positively Affects the Development of Standards
- Promotes International Trade
Requirements for a NRTL

• Demonstrated capability to perform testing and examining of equipment/materials to determine conformance with appropriate test standards

• The NRTL must provide the following controls or services:
  • Implements control procedures for identifying the listed and labeled equipment/materials
  • Inspects the run of product at factories for product evaluation purposes to assure conformance to test standards
  • Conducts field inspections to monitor and assure proper use of its identifying mark or labels on products.
OSHA NRTL Process

1. Mfr. submits product to NRTL
2. NRTL evaluates & tests product to standard
3. Mfr. Addresses any deficiencies & NRTL re-tests
4. NRTL issues certification report and authorizes Mfr to apply their certification mark to the product
5. NRTL conducts periodic factory inspections (2 – 4x/year) to ensure ongoing compliance
Toy recalls/notifications in the EU and US

US Congress adopts CPSIA

Graph showing the number of toy recalls/notifications in the EU and US from 2007 to 2014.
Laws Struggle to Keep Up as Hoverboards’ Popularity Soars

Authorities warn of exploding hoverboard imitations

Government issues 'urgent' hoverboard warning after fatal fire
A CRISIS & RESPONSE UNFOLD...

- UL technical team is alerted to issue
- News of hoverboards fires gains media attention

- First draft of UL 2272 written
- Meetings w/key retailers
- Meeting w/US CPSC

- CPSC issues guidance outlining expectation of compliance to UL 2272

- UL announces new UL 2272

- UL holds first standards technical panel meeting

- UL 2272 achieves consensus as a bi-national standard (ANSI/CAN) & broadened to cover other types of e-mobility products

- CPSC announces 10-firm recall

- UL 2272 electrical requirements proposed to be added to ASTM standard
- UL 2272 shared with IEC
- UL, CPSC, and others offer training to battery manufacturers in China
COMPLEXITY IS THE PROBLEM.

TRUST IS THE SOLUTION.

- Powers smarter decisions
- Makes brands easier to choose
- Makes supply chains simpler to manage
- Makes differentiation quicker to achieve
THANK YOU

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