

ACCESSION OF THE KINGDOM OF SAUDI ARABIA

Information Concerning the International Conformity Certificate Programme (ICCP)

I. Background

The Saudi Arabian Standards Organization (SASO) was established in 1972 and was entrusted with the preparation and adoption of Saudi national standards. The Ministry of Commerce (MOC) is responsible for ensuring that products imported into Saudi Arabia comply with Saudi standards related to health and safety in the context of the country's physical environment, culture and religion.

Saudi Arabian Standards Organization (SASO) makes use of international standards very extensively. Some international standards are adopted as they are while others are used as main references and adapted to local circumstances. For example, the Saudi ISO 9000 series of standards is based on these international standards. International standards are not used when they are unsuited to Saudi Arabia's harsh and desert climate. Safety requirements in Saudi Arabia are included in the technical standards. These technical requirements are designed to protect the consumer by removing inferior quality products from the market. The Saudi conformity assessment system procedures are mainly based on the internationally recognized ISO/IEC guides and other ISO guidelines.

II. Rationale

The ICCP was introduced to ensure proper enforcement of SASO's standards in accordance with ISO/IEC guides.

Under the previous system of self-certification, with SASO issuing certificates of conformity valid for one or two years, many abuses occurred and at the end of the system failed to provide adequate protection of local consumers.

It was determined that to ensure proper enforcement of standards for products found to be particularly susceptible to sub-standard imports, it would be necessary to obtain certification of standards compliance for every shipment. However, Saudi Arabia's domestic laboratory testing capacity was, and remains, inadequate to deal with this enhanced level of standards conformity assessment. Accordingly, it was decided to move, with respect to imports, to a system of pre-shipment certifications by SASO approved enterprises in country of export.

III. Implementation

Under the ICCP, preshipment activities can be performed in the customs territory from which the goods are exported or the customs territory in which the goods are manufactured. The inspection location is the decision of the exporter.

The scope of inspection compliance verification includes quality and quantity compliance (including sampling and testing, if applicable) but excludes price verification.

For reasons of cost effectiveness, it was determined that a third party (to act as programme manager) to assist SASO in implementing the ICCP. SASO has employed the Programme Manager to use its regional offices:

- to make available to exporters on request details of the international standards compliance procedures drawn up by SASO;
- to recommend, for approval by SASO, competent enterprises, to act as Programme Country Offices (PCOs) in most of the countries trading with Saudi Arabia.

PCOs ensure observance of ICCP procedures by local exporters (including, where necessary, testing by qualified labs), register and maintain lists of compliant exporters and issue pre-shipment certificates of standards compliance. For products falling under the ICCP, SASO will maintain its standard practices in regard to:

- accreditation of foreign testing laboratories in accordance with assessments based on ISO regulations and guides such as ISO Guide 25; and/or mutual recognition agreements;
- recognition of other testing results, certificates or quality marks on imported products accredited by relevant entities in other countries which will result in reduced testing requirements for ICCP products.

In October 1996, foreign embassies in Saudi Arabia were invited to seek from their authorities nominations of nationally accredited testing laboratories to participate in the ICCP implementation. Once approved by SASO, such laboratories would undertake ICCP compliance certification. Certified products would be subject to random sampling by SASO.

IV. Fees

The ICCP fee structure is based on declared f.o.b. value of the shipment without consideration to the method of shipment or number of containers, pallets or cartons. The price structure can be summarized as follows:

US\$ 0 - 200,000	0.5% (0.005) of f.o.b. or minimum fee of US\$ 350
US\$ 200,000 - 1,000,000	US\$ 1,000 plus 0.4% (0.004) of f.o.b. exceeding US\$ 200,000
US\$ 1,000,000 and above	US\$ 4,200 plus 0.15% of f.o.b. exceeding US\$ 1,000,000

Fees charged under the ICCP programme are equitable in relation to fees charged for compliance of products of national origin. ICCP fees are low by international standards, are transparent, predictable, non-discriminatory, and reflect cost of service. While PSI schemes are generally based on ad valorem fees, the international practice for laboratory testing is fixed prices. Under ICCP, when testing is applicable, fixed prices are applied at standard competitive rates.

V. Listing/Registration

The listing/registration programme has been created to help exporters worldwide ensure the products imported into the Kingdom demonstrate continued compliance with the standards developed by or approved by SASO.

The level of participation in the ICCP by companies worldwide has increased significantly. The total number of certificates of conformity issued by the end of September 1996 exceeded 8826 certificates, and by end of October 1996 the total exceeded 12,000 certificates. Total number of

companies registered in the programme by the end of September 1996 exceeded 800 companies and by the end of October 1996 it had exceeded 950 companies from 44 different countries.

VI. Transparency Issues

(a) Prior notification

Before its introduction, draft details of the ICCP were published and comments invited. In particular:

- detailed information about ICCP was sent to the Council of Saudi Chambers of Commerce and Industry in 1994 to distribute to the local business and trading community inviting them to attend meetings with SASO to be conducted in major centres;
- meetings were held in different centres to permit SASO to advise details of the scheme and discuss implementation dates, e.g. Riyadh with Council of Saudi Chambers of Commerce and Industry (27 November 1994), Damman with local Chamber of Commerce (18 February 1995), Jeddah Chamber of Commerce and Industry (11 April 1995);
- in March and April 1995, advertisements were placed in English and Arabic in both national and international published press announcing details of the scheme;
- on 1 November 1995 letters were sent to Saudi embassies worldwide advising them to notify local business communities of the introduction of the ICCP;
- at the same time the Saudi business community and the Saudi media were advised of the implementation date;
- the programme was implemented on 8 November 1995.

(b) Post Implementation Consultations

Since implementation on 8 November 1995:

- the SASO Board of Directors determined on 26 December 1995, to advise all importers of a six month grace period before preshipment certification would be enforced;
- in April and May 1996, SASO met with government and business representatives to clarify aspects of the ICCP and to receive suggestions on improving implementation; among meetings held were:
 - meetings at the Italian Embassy with senior European businessmen;
 - meetings with Riyadh and Jeddah Chambers of Commerce involving international as well as national business communities;
 - meetings in Riyadh with trade sections of foreign embassies.

As a result of this activity, many representations were taken into account. This resulted in modifications to the ICCP that simplified its procedures.

(c) Advice to exporters

ICCP Procedures Guidelines (the most recent being Version 8 reproduced in WT/ACC/SAU/6/Add.1) are readily and conveniently available to exporters. Documentation is available in English as well as Arabic. The ICCP Procedures Guidelines documentation can be obtained from SASO, Saudi Embassies and the Programme Manager. Guidelines list Programme Country Offices (PCOs) from which any required clarification can be obtained. ICCP Guidelines are now available on the Internet to any company or individual worldwide under:

<http://world.std.com/~inchcape/saso.html>

VII. Protection of Confidential Business Information

As indicated in section 6 of Version 8 of the ICCP Guidelines (see WT/ACC/SAU/6/Add.1), the Programme Manager offers considerable assurance of confidentiality. But perhaps the best guarantee of its integrity and practices is the fact that the Programme Manager has carried out 23 Government PSI Programmes for over 12 years, without any question ever being raised about the release of confidential information.

VIII. Standards Compliance of National Products

When a national factory requests a production licence the application must be accompanied by a statement from the producer stating that his products comply with relevant standards. Furthermore, the factory will be monitored by the Ministries of Industry, Commerce and Municipalities to ensure compliance with the standards. There has to be an equipped quality control laboratory inside the factory working on a continuous basis to ensure, inter alia, compliance with standards.

The factory will be subjected to continuous inspection conducted by the concerned ministries or SASO, which will withdraw samples on a regular basis from the production lines and warehouses to test and analyze them to ensure compliance with standards. Ministry of Commerce Quality Control Labs carry out inspections, test and analyze all the raw materials and other inputs to make sure they comply with the standards.

When a national factory applies for a Quality Mark or Conformity Certificate, SASO will carry out an inspection on the production lines. A factory will not be given a Quality Mark or Conformity Certificate unless it has been subjected to all the requirements and conditions to make sure that the products comply with Saudi standards. Market follow-up and inspection are carried out to ensure that the products continuously comply with the standards.

IX. WTO Compliance

In the view of Saudi Arabia, the ICCP complies with the requirements of GATT 1994, the Agreement on Technical Barriers to Trade (TBT), the Agreement on Sanitary and Phytosanitary Measures (SPS) and the Agreement on Pre-shipment Inspection (PSI). It is unclear whether the Agreement on Import Licensing Procedures (ILP) applies since the pre-shipment measures in question would not appear to be covered by Article 1 of that Agreement. In particular:

- (a) GATT Article 1 m.f.n. treatment (amplified in TBT Article 5.1.1 and PSI Article 2.1) is assured since all exporters have ready access to the certification process and Programme Country Offices have been established for most countries trading with Saudi Arabia; moreover, SASO is prepared to entertain requests for accreditation of additional testing laboratories and, for countries not yet represented, to establish a Programme Country Office;

- (b) De facto, GATT 1994 Article III compliant, "national treatment" is assured under the ICCP. Like all pre-shipment schemes, the ICCP applies only to imports. Formally distinct procedures for domestic and imported products are explicitly accepted in TBT Article 5.1.1 and PSI Article 2.2. The standards administered under the ICCP are identical for both domestic and imported products. Procedures ensuring domestic standards compliance of domestic products substantially parallel those of ICCP;
- (c) the ICCP fee structure conforms to GATT 1994 Article VIII.1, the PSI Agreement is silent on the question of fees. However, according to a World Bank Discussion Paper published in 1995, fees of 1 per cent of f.o.b. value is common for PSI schemes. The ICCP rate of 0.15 per cent - 0.5 per cent, ad valorem, reflects the cost of services rendered, does not afford indirect protection to domestic products and does not constitute taxation of imports;
- (d) because SASO's procedures, including those of the ICCP, comply with ISO guidelines, they do not create unnecessary obstacle to trade and are not more strict than is necessary to ensure "adequate confidence" of standards conformity (TBT Article 5.1.12.);
- (e) Saudi Arabia considers it has met the transparency requirements of GATT 1994 Article X.1 and TBT Article 5.2.2.