



**U.S. Consumer Product
Safety Commission**

Import Safety Strategy

July 2008

This document was prepared by CPSC staff and has not been reviewed or approved by, and may not necessarily represent the views of, the Commission.

U.S. Consumer Product Safety Commission Staff

*Executive Summary: Import Safety Strategy**



On August 14, 2008, the President signed into law the Consumer Product Safety Improvement Act of 2008 (P.L. 110-314), which includes many new provisions impacting import safety. Please see the CPSC website at www.cpsc.gov for more detailed information about the new law.

Introduction

Reflecting an increasingly global economy and increased U.S. demand, there has been a more than doubling of imports of consumer products into the United States over the last decade. Highlighting the importance of imports to the mission and activities of the Consumer Product Safety Commission (CPSC) is the fact that, while imports currently account for about 44 percent of all consumer products sold in the United States today, they comprise over three-fourths of all product recalls administered by the agency.

As the consumer product landscape has changed, so too have the methods the CPSC employs to fulfill our mission to protect the American public from unreasonable risks of injury and death posed by consumer products. With these changing methods, import safety has emerged as one of the CPSC's highest priorities.

Outlined in this document is a summary of the four key strategies now undertaken and/or planned to be undertaken by the CPSC to respond to the safety issues posed by consumer products, including by imported consumer products. Specifically, our overall objectives are to:

- I. Engage the private sector and foreign governments to foster both compliance with relevant safety standards and adoption of more effective techniques of identifying potential product hazards;
- II. Build safety assurances into the production processes by promoting the use of safety standards by manufacturers, and verifying compliance through third-party testing and inspections where appropriate;
- III. Prevent unsafe products through strategically redeploying CPSC resources according to principles of hazard analysis and risk management to target surveillance and inspection of the distribution chain; and
- IV. Identify and quickly remove product hazards in the market and provide real-time communications to consumers, foreign governments, and the private sector.

Each of these four key strategies furthers the goals and recommendations of the President's Interagency Import Safety Working Group (Working Group) of which the CPSC Chairman is a member. The strategic framework of the Working Group's "Action Plan for Import Safety" emphasizes three principles: 1) **Prevention** - prevent harm in the first place by building safety into the manufacturing and distribution processes; 2) **Intervention** - intervene when risks are identified by stopping dangerous goods at the border; and 3) **Response** - respond rapidly after harm may have occurred to limit exposure to the American public. In addition, through the Working Group, the CPSC staff collaborates closely with other federal agencies to share information and develop integrated strategies to address import safety issues.

CPSC Overview

The CPSC is an independent federal regulatory agency established by Congress in 1973 to protect the public from unreasonable risks of injury and death associated with more than 15,000 types of consumer products under the agency's jurisdiction.

To carry out this mission, the CPSC undertakes five main areas of activity:

1. Gathering and analyzing information regarding consumer products and product-related incidents;
2. Monitoring and contributing to voluntary consensus standards development and, where an adequate voluntary standard does not exist or is not sufficiently followed, issuing mandatory product safety standards;
3. Enforcing mandatory standards and overseeing recalls of products that do not comply with such standards or that pose a substantial product hazard to the public;
4. Educating and informing the public about a variety of product safety issues and educating and informing affected industry groups about applicable standards and emerging product safety issues; and
5. Working with other federal agencies, state and local governments, foreign governments and others to maximize awareness of, and response to, consumer product safety issues and concerns.

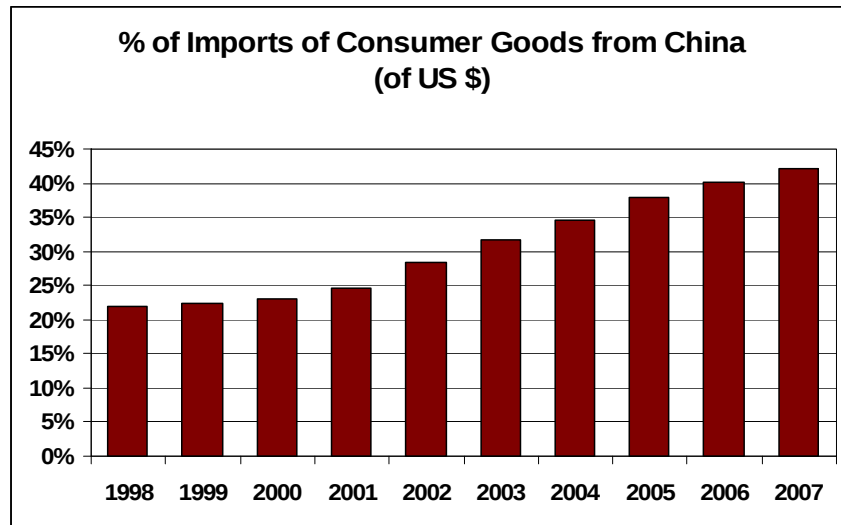
The work of the CPSC has contributed to an estimated one-third decline in the rates of injuries and deaths related to the use of consumer products since CPSC's inception. In certain product categories, the results of CPSC actions, typically in concert with CPSC stakeholders, are even more pronounced, *e.g.*, a nearly 90 percent decline in crib-related infant deaths.

The growing volume of imports is one factor challenging the agency, but there are many others, including an increasing number and variety of consumer products, more technically complex and sophisticated products, and products that are increasingly not "from" any one place, but rather consist of parts and components from any number of countries.

The CPSC is meeting these and other challenges head-on. While the vast majority of the imported products under the CPSC's jurisdiction are safe, the CPSC is working every day to find new and better ways to respond to product safety issues as they emerge, and to fulfill its mission of protecting American consumers today and into the future.

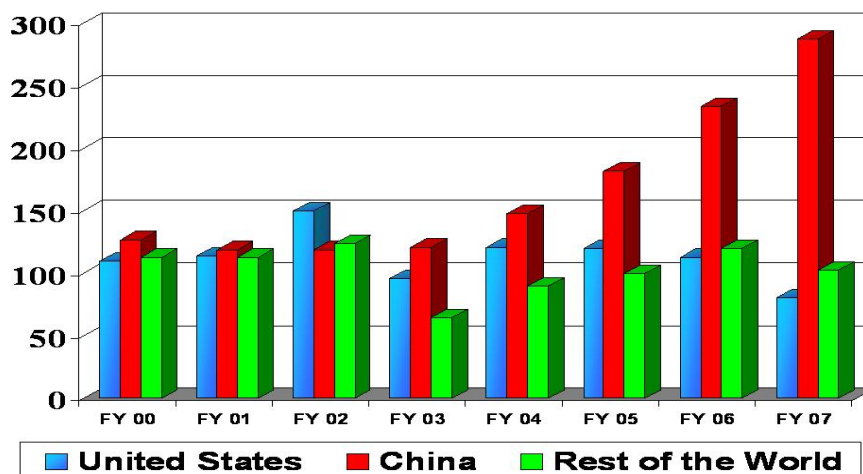
Growth of Imported Consumer Products

There has been a 101 percent increase in imports of consumer products into the United States over the last decade. The value of all imported consumer products under the jurisdiction of the CPSC was an estimated \$639 billion in 2007. Last year, approximately 42 percent of these products were from China, and the value of these imports from China nearly quadrupled from 1998 to 2007.



During fiscal year 2007 (October 1, 2006 – September 30, 2007), the agency announced 473 recalls. Of those, 389 (82.4%) involved imported products. 74% of those (288) were of products made in China. While the increase in imports largely explains the recent growth in the number and percentage of CPSC recalls that are of imported products, recalls overall are disproportionately represented by imports, particularly those from China:

CPSC Recalls by Product Origin



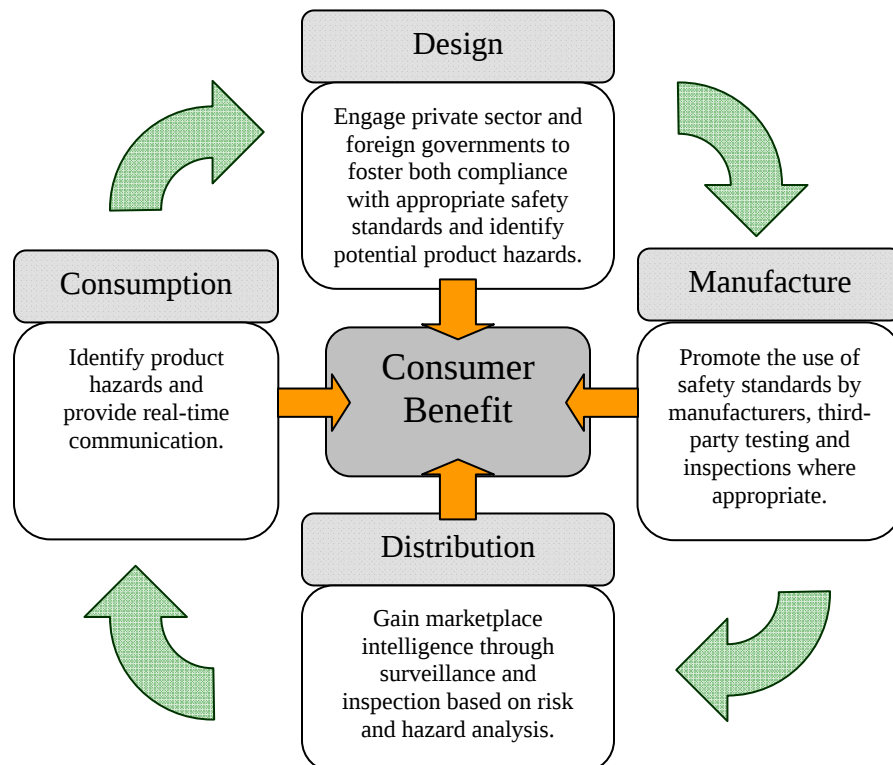
The economics of manufacturing today means that component and product suppliers are often foreign firms selling to U.S. importers. Despite jurisdictional limitations, the CPSC is working to ensure that imported products meet federal regulations and promoting the use of voluntary consensus safety standards.

CPSC Import Safety Strategy

American consumers benefit from having generally the most stringent product safety standards, the most developed recall and product safety assurance system, and, ultimately, the safest products in the world. This is no accident. Over the 35-year history of the CPSC, the agency has striven, in cooperation with U.S. industry, consumer groups and our other stakeholders, to encourage product safety into every aspect of product design, manufacture, marketing and use, i.e., throughout the lifecycle of the product. While the story on the domestic manufacturing front has largely been one of success, overseas manufacturing standards and practices vary widely.

To ensure that efforts for more cost-efficient production processes do not result in compromises of product safety, the CPSC has developed and implemented numerous strategies to ensure that product safety is at the top of the list of priorities for manufacturers, importers, distributors and retailers, from any country. Foreign products must meet the same high standards of safety that American consumers rightly expect from domestic products.

The model below illustrates the typical lifecycle of a consumer product from inception through consumption. The CPSC Import Safety Strategy relies on interaction among those activities that comprise the product lifecycle: from the design of new products, to their manufacture in foreign countries, to their transportation and eventual distribution to the consumer.



The Consumer Product Safety Improvement Act

The Consumer Product Safety Improvement Act (CPSIA), signed into law by President Bush on August 14, 2008, reauthorizes the CPSC and includes important new statutory tools to improve our ability to address the safety of imports. Key import safety provisions include:

- **Testing and Certification**
 - o General testing and certification – All products subject to a CPSC administered mandatory safety standard must be tested and certified to that standard.
 - o Children's product third-party testing and certification – All children's products subject to a CPSC mandatory standard must be tested by an accredited, independent testing laboratory and the manufacturer must certify that the product complies with CPSC requirements. Proprietary and government labs must be given special permission to conduct such testing.
 - o Penalties– All certificates for both general and children's products must accompany the product or product shipment. Failure to issue a certificate or furnishing a false certificate can subject the manufacturer to civil and criminal penalties.
- **Presumption of Destruction** – Products refused admission in the U.S. for violating safety requirements (including the certification requirements) shall be destroyed, unless the Secretary of the Treasury permits otherwise.
- **Export of violative and recalled products** – Export for sale of any product that fails to meet a CPSC standard or that is subject to a recall is prohibited unless the receiving country has notified the CPSC that it will accept the product.
- **Substantial Product Hazard List** – The CPSC may, by rule, deem certain products to constitute a “substantial product hazard,” triggering reporting requirements and allowing such products to be refused entry into the U.S.
- **Inspection and Recordkeeping Requirements** – The CPSC may, by rule, condition the import and distribution of a product on a company's compliance with the CPSC's recordkeeping and inspection requirements.
- **Risk Assessment** – The CPSC must develop a risk assessment methodology to identify import shipments that may include violative consumer products.

For more information on the legislation, please see the webpage on the CPSC website dedicated to the new legislation at <http://www.cpsc.gov/about/cpsia/cpsia.html>

With over \$2 trillion worth of products (including those under CPSC jurisdiction) imported into the United States every year by over 800,000 importers at more than 300 U.S. ports of entry, the CPSC must be strategic in its vision and targeted in its use of resources to ensure the products imported into this country are safe. The following pages summarize various agency programs in support of its Import Safety Strategy and include a range of strategies to address product safety in the new global marketplace, beyond the traditional methods of marketplace surveillance and enforcement historically utilized by the CPSC.

Product Design & Pre-Manufacture

Strategy Element I: Engage private sector and foreign governments to foster both compliance with relevant safety standards and adoption of more effective techniques of identifying potential product hazards.

Activity	Description
A. Implement Product Safety Agreements with Foreign Agencies	The CPSC has Memoranda of Understanding (MOUs) with 15 foreign agencies in: Canada, China, European Commission, Israel, South Korea, Peru, Chile, Costa Rica, India, Japan, Mexico, Taiwan (Taipei Economic and Cultural Representative Office), Egypt, Columbia and Vietnam. These agreements establish closer working relationships, provide for a significant exchange of information regarding consumer product safety, including closer cooperation on safety standards, and provide a mechanism for coordinated action against unsafe products. As part of the Working Group Action Plan and CPSC's Import Safety Strategy, the CPSC is reviewing several of the existing MOUs and will implement new MOUs with counterpart foreign agencies with an emphasis on greater information sharing and enhancement of enforcement capabilities.
B. Implement and Expand Upon MOU with China	CPSC's agreement and subsequent work plans with its counterpart Chinese agency, the General Administration for Quality Supervision Inspection and Quarantine (AQSIQ), provide for extensive information exchange and cooperation and may provide a model for work with other supplier countries. The first U.S.-China Safety Summit in Beijing during 2005, provided a platform for planning specific activities, culminating in the CPSC/AQSIQ Action Plan on Consumer Product Safety. In accordance with the Action Plan, AQSIQ and the CPSC established four working groups focusing on fireworks, toys, lighters and electrical products. The Work Plans for these were presented at the 2nd Safety Summit held in Washington, D.C., on September 11, 2007 and are being implemented across the four industry areas. Specifically, the Chinese government has agreed to cooperate on product safety for fireworks, toys, electrical products, and lighters through: • Exchange of standards information • Training on product testing • Exchange of information on emerging hazards • Increased inspection of high risk products • Tighter controls on the quality of inputs from sub-suppliers • Inspection and enforcement of U.S. lead paint ban on toys prior to export to the United States Activities related to the Work Plans in 2008 and 2009 include industry-specific seminars, retail/vendor training seminars, and training for Chinese government officials. A third biennial U.S.–Sino Product Safety Summit will be held in 2009 and will build on the previous two with the goal of institutionalizing a culture of product safety among Chinese consumer product manufacturers and exporters.

C. Provide Essential Information for Designing Safe Products	CPSC's web site is often the first place foreign officials and producers/exporters look for information about U.S. product safety requirements, including relevant regulations, standards, and testing information (in the local language) for products bound for the U.S. market. Ensuring that the information presented is up to date and that foreign visitors can request additional information are essential elements in gaining cooperation from non-U.S. stakeholders. In 2008, the CPSC created a Chinese language page on the CPSC web site, and in the future, will also provide links to foreign language materials for significant supplier countries such as Vietnam and Spanish-speaking countries. The CPSC staff has also worked with the National Institute of Standards and Technology (NIST) and American National Standards Institute (ANSI) to translate U.S. product safety standards into Chinese.
D. Strengthen Safety Standards and Ensure Rigorous Compliance Assurance Programs	The rapid introduction of new consumer products to the marketplace, the identification of emerging hazards, and healthy public policy debates over acceptable levels of risk all require continual re-evaluation of product safety standards. The CPSC works with global suppliers to respond to these developments with an appropriate mix of regulation and industry initiative. Compliance with standards, whether mandatory or consensus standards, can be assured only through the use of strict manufacturing controls. The Working Group Action Plan recommended and the CPSIA requires that manufacturers and importers certify that their products meet CPSC standards. The CPSIA also requires third-party testing by an accredited laboratory and certification for children's products (intended or designed for children under 13 years old). CPSC is working with U.S. importers to extend best practices, including certification and third party testing for mandatory and consensus standards, to the early steps of design and production by their foreign suppliers. For example, in September 2007, the Toy Industry of America (TIA), in cooperation with ANSI announced plans to develop a certification program for toys. In February 2008, ANSI published the proposal for public comment. Major elements of the program include procedures for design hazard analysis, auditing manufacturing process controls, and product safety testing. CPSC staff is providing technical input to the program. Children's products such as toys must comply with the mandatory CPSIA's requirements for third-party testing and certification. In 2008, the CPSC is conducting multiple outreaches and training events for U.S. importers on any new regulatory and statutory requirements such as certification, as well as good importer practices, to increase compliance levels.

E. Organize Training and Outreach Events for Foreign Manufacturers, U.S. Importers, and Foreign Officials	In order to maximize manufacturers' cooperation with U.S. product compliance efforts, it is essential to convey sufficient understanding of the U.S. regulatory environment. Outreach/training events that present useful techniques, best practices, and relevant experience increase the chances of cooperation from firms that make and import products and foreign officials who regulate these firms overseas. In 2008, the CPSC is conducting multiple outreach/training events for Chinese and Vietnamese manufacturers, U.S. importers and foreign officials and will seek opportunities for outreach to other significant supplier countries.
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Manufacture

Strategy Element II: Build safety assurances into production processes by promoting the use of safety standards by manufacturers, and verifying compliance through third-party testing and inspections where appropriate.

Activity	Description
A. Educate Foreign Manufacturers	CPSC has ongoing programs to educate foreign manufacturer associations and relevant groups about how to ensure compliance with U.S. standards, including where to find relevant information. Current activities include outreach to Chinese and Vietnamese manufacturers and future outreach will include other significant supplier countries, including members of the Asia-Pacific Economic Cooperation (APEC).
B. Implement Initiatives for Certification and Testing	The Working Group Action Plan recommended that the certification requirements of the Consumer Product Safety Act be extended to all CPSC statutes. The CPSIA extends the testing and certification requirements to all CPSC statutes and also requires independent third-party testing by accredited laboratories and certification for children's products (intended or designed for children under 13 years old). The CPSC is currently working with industry and standards groups to encourage the development and adoption of safety standards and appropriate certification procedures for many products. In some cases, such as those for children's products, certification may require independent testing of products. Additionally, the CPSC is working with industry groups to ensure quality control procedures are in place, such as procedures to assure the compliance and the traceability of product components, including subassemblies and raw materials. For example, TIA and ANSI are developing a certification program for toys which includes auditing manufacturing process controls, design hazard analysis and product safety testing. CPSC staff is providing technical support to their efforts. Children's products such as toys must comply with the mandatory third-party testing and certification requirements of the CPSIA.
C. Encourage Foreign Agency Inspections at Manufacturing Locations	Some foreign export quality control agencies have authority to conduct pre-shipment inspections of export-bound products in order to confirm that the goods meet the safety standards of the destination market. Where this is the case, CPSC will work with foreign regulators to request attention to areas of special concern. CPSC will never depend wholly on foreign export control agencies to enforce U.S. laws, but cooperation with such agencies can significantly benefit American consumers by reducing the chances of an unsafe product being shipped to the United States.

D. Distribute CPSC Handbook, “Manufacturing Safe Consumer Products”	This document provides manufacturers with both general and practical guidance to ensure product safety throughout the design and manufacturing of consumer products. In 2006 the CPSC updated this popular document, had it translated into Chinese, and began disseminating it throughout China. In 2008, the CPSC is expanding promotion of both English and Chinese versions of the Handbook.
D. Guidance for Importer Industry	Importers need practices in place that can prevent or detect potential problems at critical points along the product’s life cycle so that the U.S. consumer is not placed at risk. The Working Group Action Plan recommended that the federal government work with the importing community and other members of the public to develop Good Importer Practices and issue guidance. The Working Group Action Plan recommended that these practices be risk-based and provide concrete guidance to the importing community for evaluating imported products. CPSC staff is working with other federal agency officials from the Working Group in drafting the guidance document “Guidance for Industry, Good Importer Practices” to be published in the <i>Federal Register</i> for comments in 2008. This guidance document will provide general recommendations to importers on the practices and procedures they can follow to increase the likelihood that the products they import are in compliance with applicable U.S. requirements.

Distribution

Strategy Element III: Prevent unsafe imports through strategically redeploying CPSC resources according to principles of hazard analysis and risk management to target surveillance and inspection of the distribution chain.

Activity	Description
A. Create New Import Surveillance Division/Improve Inspection of Imports	The CPSC has long conducted import surveillance based on actionable information. The number of import samples collected and evaluated is increasing significantly since the establishment of an Import Surveillance Division within the Office of Compliance and Field Operations in early 2008. The personnel of this new Division represent the first permanent, full-time presence of CPSC personnel at key U.S. ports of entry. These personnel are specifically trained in import surveillance procedures and the rapid identification of defective and non-complying consumer products. They are using X-ray fluorescence technology to screen for lead and other heavy metals in consumer products, testing more samples of products and will conduct more port-of-entry “blitzes” (periodic large-scale inspections at ports) where appropriate.
B. Partner with U.S. Customs and Border Protection (CBP)	Improved Access to CBP Databases and Technology U.S. Customs’ International Trade Data System (ITDS) and Automated Commercial Environment (ACE) IT systems provide CPSC field investigators and other Compliance staff the capability to identify, track and prevent hazardous products from entering the United States. The CBP systems allow access to intelligence not just on products at the ports, but also on products being prepared for shipment from the country of origin. These tools facilitate the analysis of incoming products to identify likely shipments of products that may not comply with U.S. safety standards and provide powerful data to prevent hazardous products from entering the country. CBP as a “force multiplier” for CPSC CBP stops import of certain targeted goods for which there is evidence of a

	potential violation of U.S. safety or other laws. CBP laboratories are now available as appropriate to test the goods to applicable U.S. safety standards. The CPSC staff stationed at the ports will also have the ability to identify, stop, examine and either hold or release shipments under the ITDS protocols. Enhanced Statutory Authority The CPSIA requires all manufacturers and importers to certify that their products have been tested for compliance with all CPSC mandatory standards, allowing the CPSC and CBP to react quickly to products that have not been safety tested. Moreover, the CPSC asked Congress to give CBP greater flexibility in dealing with noncomplying products discovered at the port. As a result, the CPSIA requires that products refused admission into the United States for violating safety requirements shall be destroyed at the importer's expense, unless the Secretary of Treasury allows export. This creates a stronger deterrent against manufacturers and importers that violate the law. The legislation also gives the CPSC the authority by rule, to condition the import and distribution of a product on a company's compliance with the CPSC's recordkeeping and inspection requirements. In addition, the Commission may by rule, specify by product or product class what constitutes a "substantial product hazard," triggering reporting requirements and allowing such products to be stopped at the border. Other import provisions of the CPSIA include requiring the Commission to develop a risk assessment methodology to identify import shipments that may include violative consumer products; prohibiting the export for sale of any consumer product that violates a mandatory standard unless the receiving country notifies the CPSC that it will accept the import; greater information sharing and enhanced coordination with CBP; determining what bond amount is sufficient to cover destruction of violative consumer products; and a Comptroller General study on requiring the posting of an escrow for recalls and destruction of violative domestically produced products. A detailed explanation of the various import provisions of the new law can be found on the CPSC website.
C. Participate in President's Interagency Working Group on Import Safety	The CPSC is one of the 12 federal agencies that is participating in the Working Group in an effort to identify ways to further increase the safety of imports. The Working Group presented its Action Plan to the President in November 2007 and the CPSC staff is working in coordination with the other agencies to implement the various short and long term recommendations outlined in the Action Plan.

Consumption

Strategy Element IV: Identify product hazards in the marketplace and provide real-time communication to consumers, foreign governments, and the private sector.

Activity	Description
A. Promote Retailer Compliance Reviews	As the final link in the marketing chain, retailers bear significant responsibility for the safety of the imported and domestic products they purchase and sell. While retailers must, of course, quickly remove recalled products from store shelves, the CPSC has also begun emphasizing the need for retailers to conduct thorough compliance reviews of their inventory and of incoming products. In addition, in today's market, CPSC anticipates that retailers will know all firms in the supply and distribution chains of their products, enabling the subject firm and the CPSC to better identify and respond to product safety issues and

	enhance the effectiveness of recalls. The CPSIA also requires retailers, upon request of the CPSC, to identify the manufacturer of the product to the extent such information is known or can be readily determined by the retailer.
B. Modernize CPSC Laboratory to Enable Faster and More Accurate Identification of Product Hazards	The CPSC is planning to upgrade its laboratory facilities to improve efficiency and capacity to test products and conduct research in support of the development of mandatory and consensus standards. A major benefit of this modernization will be enhanced testing and evaluation of imported products, as they make up the majority of the new-to-market products within the jurisdiction of the CPSC. Over \$10 million has thus far been set aside by the CPSC for this critical project.
C. Ensure Early Warning of Emerging Hazards	The long supply chain and a myriad of other issues (e.g., the same product having different brand or model names) makes early warning and prompt remedial action both challenging and particularly important where a hazard can lead to severe injury or death. The CPSC has implemented a pilot Early Warning System to systematically and thoroughly review all serious product-related incidents within certain durable juvenile product categories. This project ensures that key personnel and offices within the CPSC share information and confer on these incidents, in order to identify and more efficiently respond to defects and emerging hazards.
D. Exchange Recall Information With Foreign Regulators	A key element in product safety cooperation with another country is the exchange of pertinent information about non-compliant or hazardous products. This supports bilateral compliance efforts, builds confidence, and allows staff to emphasize areas needing particular attention. The CPSC exchanges recall information with many different countries and takes appropriate action if information from a foreign regulator identifies a previously unidentified hazard in the United States. The CPSIA also broadens the information sharing authority by adding certain foreign government agencies who may receive/share information.
E. Exploit Product Traceability Technologies	Tracing recalled products back to their manufacturer is important in order to ensure that other products that might contain deficient components can be identified rapidly and removed from the stream of commerce. The CPSIA requires manufacturers to have a tracking label for all children's products containing certain basic information, including the source of the product, the date of manufacture and more detailed information on the manufacturing processes such as batch or run number. The CPSC is also working with the private sector, other federal agencies in the Working Group as well as foreign governments to expand product traceability. For example, the CPSC has an agreement with the Chinese government to ensure that lighters and fireworks can be traced back to the manufacturer.