

# **Portfolio Committee on Trade and Industry**

**Mechanisms to protect the local manufacturing sector from  
illegal and substandard products**

**16 August 2016**

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# Establishing Act and Mandate

NRCS Mandate:

**Administer compulsory specifications** in the interests of **public safety** and **health** or for **environmental protection**

This is done through:

**Formalising compulsory specifications / technical regulations**

**Pre-market approval**

**Market Surveillance - enforcement**

# Legislative Mandate

**Mandate of the NRCS is derived from the following Acts.**

**National Regulator for Compulsory Specifications Act  
(Act No. 5 of 2008)**

**Legal Metrology Act  
(Act No. 9 of 2014)**

**National Building Regulations and Building Standards Act  
(Act No. 103 of 1977)**

**The Foodstuffs, Cosmetics and Disinfectants Act  
(Act 54 of 1972)**

# Mission and Vision

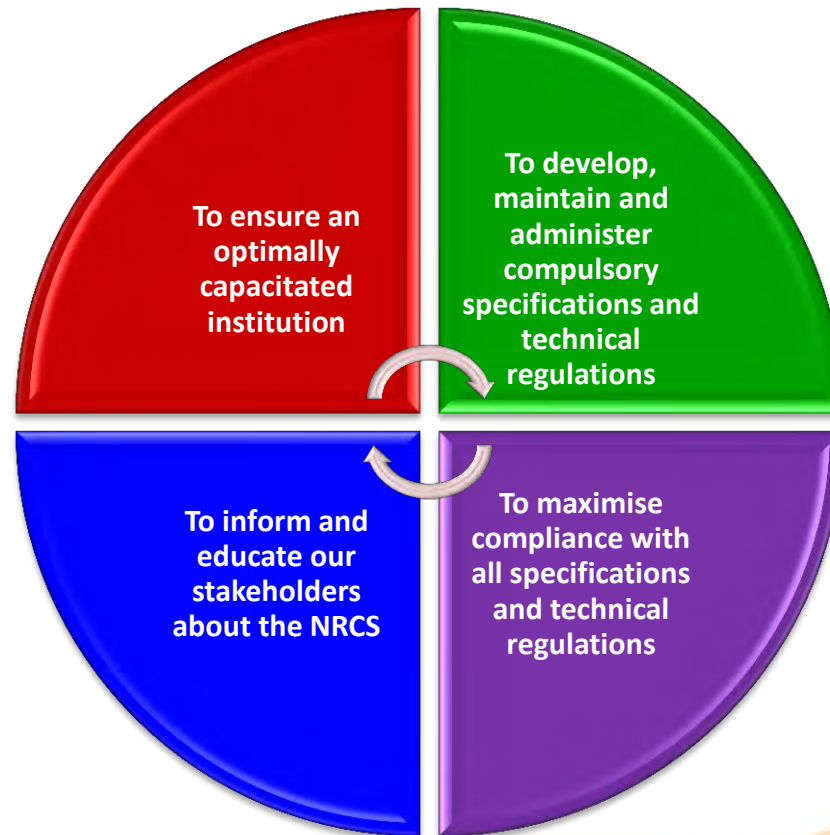
## NRCS Vision

**A credible and respected  
regulator for compulsory  
specifications and fair trade.**

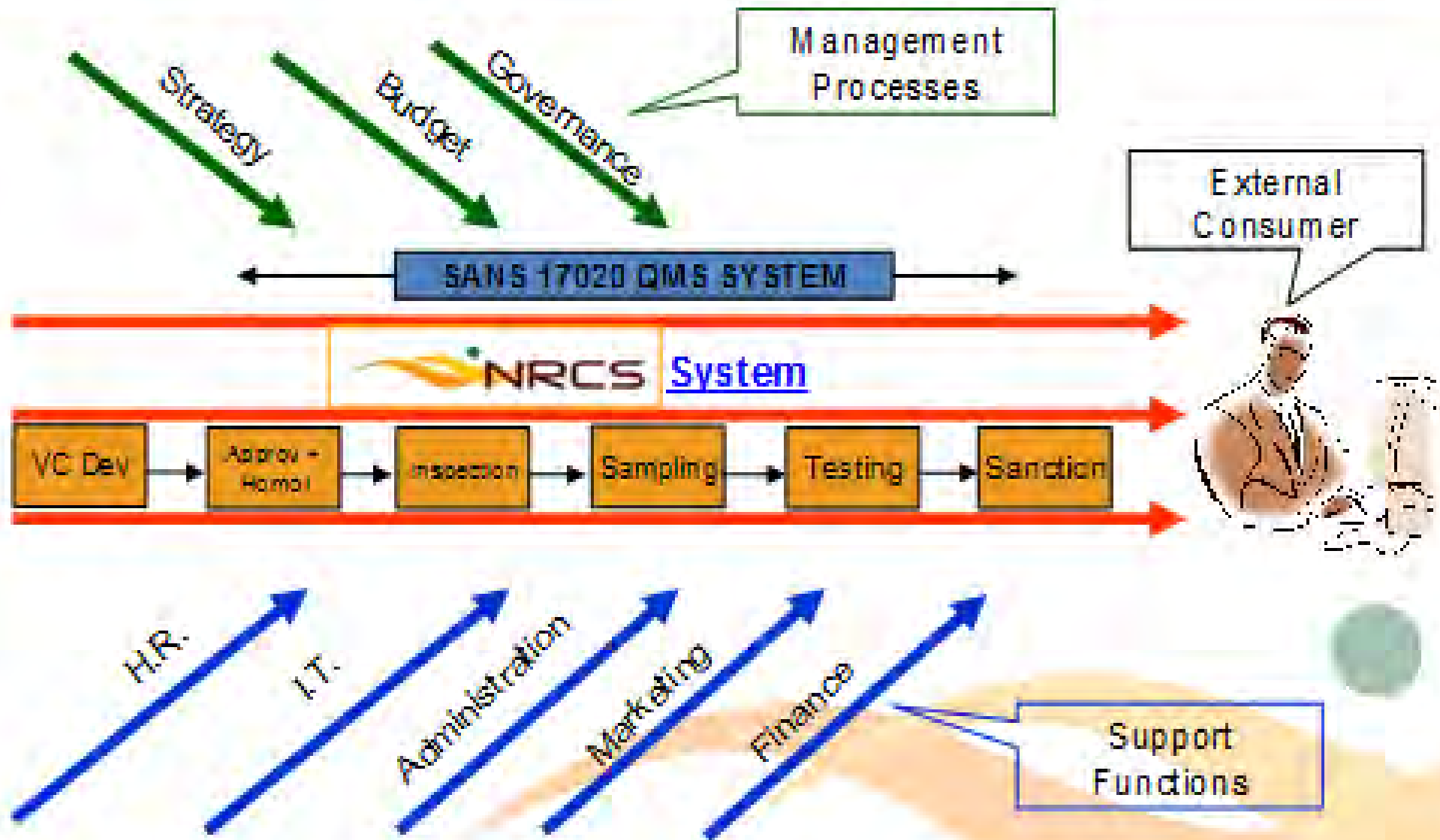
## NRCS Mission

**Dedicated to protect South  
Africans by developing  
compulsory specifications  
and technical regulations,  
and maximizing compliance  
of regulated products and  
services**

# Strategic Outcomes



# NRCS Business



# VC Development

## **NRCS plays the following roles in the development of compulsory specifications and technical regulations:**

Participates in SABS Technical Committees established to develop national standards

Safety Critical products – where requests are received NRCS does feasibility studies to ascertain whether a VC/TR must be developed – if so – several steps are implemented – risk assessment, impact assessments, stakeholder consultation etc.

NRCS itself identifies “safety critical” products and develops VC/TR even where no request has been made

Development of VCs / TRs are to ensure that products that are safe – not negatively impact on the consumer, environment or fair trade are permitted for trade

Economic and skills consideration of non-compliant, inferior products as opposed to compliant products – inputs, processing and price implications



# Enforcement – “Lock Out” principle

## LOCKING OUT UNAPPROVED OR NONCOMPLIANT IMPORTED PRODUCTS

Prior to 2012, NRCS conducted surveillance and enforcement mainly in the retail environment in South Africa

Unsafe, inferior quality products were found to be in trade which had already resulted in severe negative impact on the community – simple examples are the unsafe paraffin stoves and electrical products

The then Board undertook an international study to develop an approach that will make the NRCS enforcement work more effective. The study resulted in NRCS adopting the “Enforcement at Source” approach.

“Source” has been defined as being the place of manufacture or build within South Africa and the Point of Entry in South Africa for imported products

Part of the NRCS surveillance and Enforcement capacity was therefore re-directed to Ports of Entry – Cape Town harbour, PE harbour, Durban Sea Port and City Deep.

Furthermore “Targeted Inspections” were introduced where information and intelligence was used to direct effort at consignments of regulated products

# Enforcement – “Lock Out” principle

## LOCKING OUT UNAPPROVED OR NONCOMPLIANT IMPORTED PRODUCTS

Cooperation with partners to expand regulatory enforcement scope

- SARS
- SAPS
- BCOCC
- DAFF
- DoH
- DoT
- KZN – ICOREF
- NCC
- Shipping Lines
- Industry Groupings



# Impact of Surveillance at Source

<b>FACTOR</b>	<b>BEFORE (2008)</b>	<b>TODAY (2015)</b>
<b>Application received per month</b>	<b>~400</b>	<b>~1200</b>
<b>Turnaround time</b>	<b>10 - 12 days</b>	<b>120 days</b>
<b>Number of compulsory specifications regulated and requiring LOA's e.g. Electrotechnical BU.</b>	<b>15 - regulated 4 requiring LOA's</b>	<b>18 - regulated 18 - requiring LOA's</b>
<b>Market surveillance strategy</b>	<b>Inspections concentrated at retailers, 70-80%</b>	<b>Inspections concentrated at source, 60-70%. Manufacturing plants and Ports of Entry.</b>
<b>Inspections planning</b>	<b>Market coverage based on geography</b>	<b>Targeted inspections based on profiling</b>
<b>Non compliant products found</b>	<b>Small volumes scattered all over the country</b>	<b>Large volumes at source</b>

# NRCS Impact of POE

Statistics per Port of Entry and Average NRCS Stops (Jan 2015 to Jan 2016)

Port of Entry	Total no of Containers	Number of NRCS detentions	Percentage NRCS stop over total containers	Percentage containers processed without NRCS detention
Durban	2 600 000	1128	0.043%	99.956%
Port Elizabeth/ Port of Ngqura/ East London	55 000	899	1.63%	98.36%
Cape Town	400 000	351	0.09%	99.40%
Totals	3 055 000	2378	0.59%	99.41%

NRCS stops and Inspections: **Average less 1%**, 99% containers process without stops and Inspections.

- **70% of stopped containers include regulated products, 30% non-compliant or not approved**

- 2009 – 2014 - products valued over R 1 billion uncovered

- 2014/15 - **R 548 million unsafe products removed from the market**

# LOCAL COMPLIANCE TO TRs

## **NRCS works with Local Industry to implement measures to enable locally manufactured products to comply**

- Tyre and friction local industry - Locally manufactured tyres are exported to other countries including Europe
- Foods - Interpretation of local and various countries' legislative requirements to promote trade of safe food both locally, regionally and internationally
- Provide guidance on compliance of products and processing facility design to ensure compliance processing requirements in all regulated environments.
- Awareness and education on product compliance that are covered by the VC's and other international legislation .
- As the Competent Authority, the BU provides a platform for discussions with various international competent Bodies for the SA fishing industry to engage with.
- Technical agreements with other Competent Authorities.

# Investigation of Complaints

## INVESTIGATION OF COMPLAINTS AND CONCERNS RECEIVED PERTAINING TO IMPORTED PRODUCTS

- **As a result of concerns received from the industry, inspections have been conducted at retailers where a huge number of non-compliant products were identified and subjected to sanction process. majority of the products were imports.**
- **Information has also been received on non-compliant, unsafe products being sold in various malls etc. Several joint projects with SAPS and SARS were implemented. Huge quantities of non-compliant, unsafe products were confiscated and leads were obtained on the origination of these products. These leads are now being investigated to stop the flow of such products from these sources**

# Risk Approach

NRCS has developed a compliance criteria for Local Manufactures **(without compromising health, safety and environment minimum requirements)** to be classified into low risk, medium risk, and high risk.

The following rules will apply:

- Low risk – registered with the NRCS, with a positive compliance record over the past three or more transactions.**
- Medium risk – registered with the NRCS, with a positive compliance record over the past one or two transactions.**
- High risk – negative compliance record and/or no history of past compliance in product area. New entrants will be classified as high risk.**

# cont.

## **Renewal LOA applications**

**Local Manufactures Renewals** are for products which have been previously approved. Renewal applications are regarded as **Low Risk** and processing is expedited.

## **Local Test facility**

**Local Manufactures Applications** who test products with **Accredited Local Test Laboratories** have been identified as **low risk**.



# EXPORT Trade Promotion



- +/- 60 % of fishery products produced locally is exported to various countries
- Fishery Products requires health guarantees from the government of the day to enable trade of safe food.
- The FAI BU is frequently subjected to various international audit to demonstrate compliance to food regulations
- This open doors for local industry to participate in the world market
- Expansion of South African retail companies regionally requires the NRCS to provide government guarantees in terms of food safety
- Regional and International Cooperation

# Implementation of Project Phakisa



- The launch of this project requires close interaction with various government departments for the development and sustainability of local industry
- In terms of development of Ocean Economy, NRCS cooperates closely with DAFF with regards to Legislative reform to promote aquaculture development;
- Assist the industry with aquaculture requirements of the various countries.
- In the process of demonstrating compliance with our local aquacultured abalone and other aquacultured products for acceptance in world

# Quantity mark

- Harmonisation of technical regulations for type approval and verification of measuring instruments and the sale of prepacked goods
  - Legal Metrology technical regulations are based on harmonized international standards through OIML Recommendations and where these are not available through harmonized regional standards developed by SADCMEEL thus preventing and eliminating technical barriers to trade and ensuring market access for South African manufactured products “locking-in”.
  - For this purpose NRCS Legal Metrology is a member of 18 OIML and 4 SADCMEEL Technical committees
    - NRCS LM is also the chairperson of one OIML technical committee (OIML TC 6) and one SADCMEEL technical committee (SADCMEEL TC 1)
- Quantity mark (e - mark) and measurement mark ( ε - mark) schemes to ensure the more effectual carrying out of the objects of the Legal Metrology Act
  - Legal Metrology developed and introduced quantity mark (e - mark)(SANS 1841) and measurement mark ( ε - mark)(SANS 1840) schemes based on international guides and requirements to ensure that local manufacturers can claim compliance to the three (3) packing rules for prepackaged goods therefore facilitating access to the EU and other international market for their prepackaged products.
    - Currently 107 SA manufacturers have benefited from this schemes

# Calibration

- Calibration of verification standards
  - Through its four accredited calibration laboratories NRCS Legal Metrology ensures traceability of mass and volume verification standards and analytical balances to international standard of measurement ensuring credibility of measurements made in South Africa
    - During the previous year calibration activities benefited 766 local businesses and 10 677 instruments were calibrated using international recognized calibration methods



**Thank you !**