

# Harmonization of Consumer Product Safety Standards: International Marketing Issues

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## Abstract

At the center of many arguments for "free trade" and "fair trade" is the notion that harmonization--or making more similar governmental policies and regulatory requirements concerning environmental and safety standards and similar issues--will further reduce non-tariff barriers to trade. By now the concept of harmonization has been fully incorporated as the norm in international economic relations in the world's trading system. Harmonization has always been an important concept in the evolution of the European Union (EU) and, more recently, it has been adopted in the World Trade Organization (WTO) Technical Barriers to Trade (TBT) agreements.

In the evolution of the EU, harmonization is an important part of the mechanism to achieve economic and political integration. In the context of WTO agreements, harmonization works to achieve selective integration in one or more segments of governmental activity. Harmonization of consumer product safety standards, the focus of this paper, is one such area. The paper--utilizing recent literature on the subject, including the results of a fourteen-country survey of manufacturers and trade associations, among others, by the Organization for Economic Co-Operation and Development (OECD)--examines a number of issues relevant to international marketing. They include the pros and cons of international harmonization through governmental and regulatory bodies; the increased importance of voluntary standards (e.g., International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC)) and their relative merits vis-à-vis those imposed through governmental laws and regulations; why manufacturers and trade associations conform to voluntary standards; how such conformance

varies by product (e.g., toys vs. microwave ovens); the marketing significance of a particular certification mark (e.g., the CE mark indicating conformity with the essential requirements in the European Commission New Approach Directives); the impact of harmonization on consumer choice and global marketing strategies; and whether harmonization of standards favors large multinationals over smaller firms.

Some tentative conclusions: harmonization through governmental mechanisms, mandatory or nonmandatory--while helpful in minimizing the "trade-distorting" effects of cross-country differences in standards, in promoting economies of scale and in increasing the transparency of the country's motives for maintaining different standards--limit the ability of firms to better serve the diverse needs and tastes of consumers. This is especially true of cases in which consumer choices concerning safety and quality intersect. Therefore, it appears that other means of harmonization--such as mutual recognition (i.e., where a foreign product approved for sale in its home country is approved for sale in the importing country) and voluntary standards developed by private groups such as the ISO and the IEC--offer greater promise of incorporating (into the standards-setting process) the diverse needs and tastes of consumers within and across countries, and hence enable marketers to better serve the consumer. For, after all, different standards across countries reflect--in part--differences in consumer needs and tastes, and gains from trade stem from such differences among countries, not sameness.

## References

Available upon request.