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# TTIP Critics Call for Fresh Negotiations

# UL Certification Should Not Be A Licence To Print Money!

16.10.2015 by Karin Zühlke

**There is currently a clear clash of views on TTIP. The major industry associations – most notably *VDMA* (German Engineering Federation) and *BDI* (Federation of German Industries) - are one hundred per cent behind TTIP. But the mood among Germany’s so-called *Mittelstand* (SMEs) is changing, particularly when it comes to the “harmonisation” of standards.**



Picture courtesy of: European Parliament©

The heart of the EU in Brussels, where TIPP is being negotiated behind closed doors



With crucial weeks for TTIP on the horizon, the *BDI* has launched an expensive advertising campaign – called “A Strong TTIP for Germany” – in various key locations. The campaign is intended to show the “advantages and opportunities that TTIP represents for German and European business, employees, SMEs and consumers”. Meanwhile the newly formed campaign group, *“KMU gegen TTIP”* (“SMEs Against TTIP”), is taking action against the agreement. In a short space of time this campaign has gathered 1,250 signatories who “feel their views are not represented either by the *BDI* or the *IHK* (German Chambers of Commerce and Industry)”, according to campaign founder, Martina Römmelt-Fella, CEO of Fella Maschinenbau.

“*KMU gegen TTIP*” complains that the way in which TTIP is currently structured predominantly benefits large corporations which find it easier to tap new markets and are more effective at pushing through their interests when confronted with standards on specific local markets. “Too much has been squeezed into this agreement: public services, culture, agriculture and much more,” says Römmelt-Fella. “We came to the conclusion that in the first instance these negotiations have to be stopped, because the scope of this agreement is simply far too broad. And for any fresh negotiations to begin we will insist that there is a return to a ‘positive list’ approach – and we need to know what is actually on that list – linked to concrete demands relating to standards, transparency and democratic processes. And in any new negotiations we want no more regulatory bodies or procedures that restrict democracy and undermine the parliamentary decision-making process,” says Römmelt-Fella.

The main objection raised by the electronics industry is the hasty rush towards harmonising standards – with seemingly little regard to UL certification. A pure trade agreement, on the other hand, would continue to be welcomed by many within the industry - both by SMEs and large corporations. The main view of the SMEs is that “no one seems to be particularly au fait with the actual details,” according to Klaus-Dieter Walter, CEO of [SSV Software Systems](http://www.elektroniknet.de/anbieterkompass/?anbieter=1017606), “or at least I haven’t yet met anyone who is,” he says.

In many areas TTIP remains a “mixture of ignorance, combined with a few catchphrases,” says Roland Hollstein, CEO of [Grundig Business Systems](http://www.elektroniknet.de/anbieterkompass/?anbieter=8877060).

It is mainly the larger companies in the electronics industry that are standing by the positive expectations they have of TTIP. “We believe that TTIP could lead to a 2 to 4 per cent growth in GDP on both sides,” says a company spokesman for [ebm papst](http://www.elektroniknet.de/anbieterkompass/suche/?anbieter_suche=ebm).

“For us, it would mean far simpler access to the US electronics market – with all the associated positive effects that would bring, particularly with regard to delivery costs for clients based there,” argues Rudolf Strasser, President of [TDK Europe](http://www.elektroniknet.de/anbieterkompass/?anbieter=1000615).

There is an undeniable mood of scepticism among SMEs. Frieder Hansen, a partner with the industrial PC manufacturers, [Pyramid Computer](http://www.elektroniknet.de/anbieterkompass/?anbieter=24971), is expecting more legal certainty. “When we export our PCs to the USA various import restrictions are imposed on us, be it in the form of permits and certifications or obstructive laws,” he says. “The existing legal uncertainty is too burdensome for SMEs such as ourselves, because this can also be expensive. So therefore it’s important that we get an agreement with clear rules which open up the markets and provide legal clarity.”

But it is highly questionable as to whether or not TTIP will fulfil these expectations. “TTIP won’t change the law, as such, or the way in which damages claims are handled,” says Hermann Püthe, a Managing Partner with [inpotron Schaltnetzteile](http://www.elektroniknet.de/anbieterkompass/?anbieter=8807713). “In principle I am in favour of the removal of formalities and barriers in a free market. But the rules need to be clear, equal and fair for all players – and they need to be accepted and understood by all sides. In this regard, I have serious doubts as to whether TTIP will be of benefit to us all.”

 [](http://www.elektroniknet.de/typo3temp/pics/3550b0f04c.jpg)

Picture courtesy of: Grundig Business Systems©

Roland Hollstein, CEO Grundig Business Systems: “. . . mixture of ignorance combined with a few catchphrases”

## Rapid Harmonisation of Standards Won’t Work

Another point in TTIP that is attracting criticism is the so-called Investor-State Dispute Settlement mechanism (ISDS), which states that companies can sue a country through closed arbitration tribunals. “This is something we do not need. All the countries in the proposed free trade zone operate under the rule of law,” according to ebm papst.

So how are things looking in terms of harmonising standards, the issue that got the electronics industry so excited in the first place? “The harmonisation of standards is, at best, doomed to fail; but in the worst case scenario, it will provide US companies with easy access to European markets without making it easier for EU companies to export to the USA,” says Guido Körber, Managing Partner at the hardware and software company, [Code Mercenaries](http://www.elektroniknet.de/anbieterkompass/?anbieter=8897805). “The reason for this is that the majority of non-harmonised standards do not come under the auspices of the United States federal government.” As such they cannot be the subject of any agreement negotiated with the US federal government. In the USA many standards are regulated by individual federal states or by the private sector – UL certification being a prime example of this. “Last year I attended a roundtable discussion with the US lead negotiator, Bryant Trick, who is responsible for ‘Regulatory Issues’,” says Körber. “When he was asked how it was going to be possible to harmonise all those various standards that are not under the auspices of the US federal government, in the end his answer was: *‘Everything we negotiate applies only to federal USA. For the states we hope for a trickle down effect’*.”

But the question still remains as to how a negotiation delegation can decide on technical standards on an ad-hoc basis and make them compatible. “In Europe the standards harmonisation and implementation process took more than ten years because the impact, in places, meant major product changes and all the associated investment costs. The key issues that need to be sorted out are product liability and legal security - for example how to handle a damages case during the transition period,” says a spokesman for ebm papst.

There are for example big differences between the US and EU regulations and laws governing hazardous chemicals (EU REACH Directive). “In the EU there are more than 200 chemicals that are banned from use in electronic products. In the cosmetics industry, the number is 1,200. In the USA, however, only twelve substances are banned from use in the cosmetics industry,” says Steve Roberts, Technical Director at [Recom Engineering](http://www.elektroniknet.de/anbieterkompass/?anbieter=1012299).

**UL Must Recognise European Test Results**

As a senior member of Germany’s norms and standards organisation and a senior representative at the IEC, Wolfgang Reichelt, the Managing Director and CEO of [Block Transformatoren-Elektronik](http://www.elektroniknet.de/anbieterkompass/?anbieter=1000075), has a direct influence on national and international standards. He is not opposed to TTIP, but he believes it will be impossible to achieve rapid compatibility of all the different standards. His most important demand relates to UL. “We are calling on UL to recognise the test results from European testing authorities in order that we can move away from high testing costs.” The situation in the USA regarding UL is paradoxical. UL is a private-sector US institution and a marketplace player that sets and certifies standards. In the USA these two are closely interwoven. For many years there was no other certification authority in the USA; now there are other institutes in the USA that are permitted to provide certification.

“As UL is a private organisation, it does not have to accept international standards, such as those set by the IEC; so it creates its own versions of them,” says Roberts.

As it is not an IEC Standard, UL certification is not a legal requirement; it is voluntary. “And yet many clients demand it, because it reduces the threat of liability claims,” says Frieder Hansen (Pyramid Computer). “I hope that in the future *TÜV* (German Technical Inspection Association) or the *GS* mark (German safety certification mark) will be just as acceptable as UL certification currently is in the USA, and that the Americans will tone down their liability laws. But in the end, it’s not about which particular standards apply; it’s all about having clarity about which particular standards apply.”

Klaus-Dieter Walter (SSV Software Systems) correctly describes UL-certification as “a licence to print money”. He cites the case of SSV’s most recent certifications: the company had to make no changes to their actual products or to their processes, and yet the certification process and the audits of the manufacturing facilities generated relatively high costs, thus making the products less competitive. “If TTIP cannot guarantee that an EU-certified micro-electronic product (with the CE mark for electrical safety) can be legally marketed in the USA without the need for further certification, then TTIP will be useless, at least as far as many German SMEs are concerned,” says Walter. “Equally we should also be asking ourselves why there are no similar obstacles for US companies exporting to the EU. As the CE mark is a manufacturer’s certificate, any US company wanting to market a similar product in the EU incurs almost no additional certification and licensing costs.”

But according to Thomas Grasshoff, Head of Strategic Marketing at [Semikron](http://www.elektroniknet.de/anbieterkompass/?anbieter=1014319), when it comes to power modules and systems, Europe has no tests comparable to those carried out by UL. “Therefore it seems likely that the UL Listings requirements for materials and insulation will remain in place. There is no *TÜV* or CE certification for our products – so we don’t have the double certification issue.”



Picture courtesy of: SSV Software Systems©

Klaus-Dieter Walter, CEO of SSV Software Systems: “Equally we should also be asking ourselves why there are no similar obstacles for US companies exporting to the EU.”