Joining Forces to Fight Counterfeit, Substandard and Non-Compliant Products

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What are the issues?
Why should we bother?
What are we doing about it?

BEAMA actions

ACI actions

Call for action by all
These terms will generally fall under the 2 definitions:

- The product carries false or misleading claims in respect of product performance, compliance with legislation or fitness for purpose.

- The product infringes the Intellectual Property (IP) rights of the registered owner.
How conscious are you of there being sub-standard* electrical products available for sale in the UK? (* Sub-standard is defined as not meeting a published standard – BSI, CENELEC, IEC)

Almost three quarters of respondents reporting availability of either ‘a lot’ or ‘some’ substandard products.

- There are potentially significant quantities of non-compliant and unsafe products circulating within the UK market

- Distributors, importers and contractors need to be more diligent as they are responsible for what is imported, sold and installed in the UK.
SELLING, INSTALLING OR USING THESE PRODUCTS OR SYSTEMS HAS CONSEQUENCES

- INCONVENIENCE – DUE TO A LACK OF PERFORMANCE AND/OR RELIABILITY
- COST – OF REPLACING A PRODUCT WHEN IT FAILS (INSTALLATION COST!)
- DAMAGE TO REPUTATION – FOR SELLING OR INSTALLING A PRODUCT THAT HAS FAILED
- LOSS OF BUSINESS – EITHER AN INDIVIDUAL CUSTOMER OR EVEN AN ENTIRE BUSINESS
- DAMAGE TO PROPERTY
- INJURY OR DEATH
- CRIMINAL PROCEEDINGS – FINES OR IMPRISONMENT
Most product areas have for some time:
- Experienced the same problems
- Worked to raise awareness of issues and risks
- Carried out some form of Market Surveillance
- Engaged with Government and Law enforcement authorities
Electrotechnical Market Surveillance (EMS)

- **Working together** as an Electrotechnical sector
- Common objectives for establishing a safe, reliable and trustworthy market
- Supporting Government strategy
- Lobbying for stronger surveillance, enforcement and deterrents
- Raising Awareness and engaging throughout the Supply Chain
- Sharing knowledge & intelligence with enforcement authorities
- Providing an open forum for action
Current Priorities

✧ Raise awareness of issues, risks and responsibilities and seek involvement throughout the supply chain

✧ Launch initiatives to combat the availability of potentially unsafe, unreliable or misleading products throughout the supply chain

✧ Raise the profile of Electrical & Electronic products in Government circles and lobby for the strengthening of Market Surveillance, Enforcement and Deterrents.

✧ Create a communication platform for sharing information, intelligence, concerns and successes across the supply chain

✧ Strengthen support to law enforcement authorities
Industry Charter

The Electrical Installation Industry Charter
To fight together against the ‘trade’ in counterfeit electrical products and the proliferation of products not complying with standards.

Counterfeit electrical products are a threat – they can kill.
It is in everyone’s best interest to fight against this insidious and fraudulent global industry.
- The ‘trade’ in counterfeit electrical products is a worldwide problem which leads to loss of...
About BEAMA

• **200 + member companies** from multi nationals to family owned SMEs
• Focus on current and future **Standards, Regulation and Legislation.**
• **Influence** on Safety, Environmental, Policy and Education.
• **Voice of the Industry** in decision making and information provision circles.
• **Manufacturing** a wide range of products and technologies:
  - Heating, hot water and air movement – all forms of heating and hot water products & controls, water treatment products, mechanical ventilation
  - Transmission and distribution – the electricity network equipment
  - Smart building energy management – smart, energy saving products for the home and non-domestic buildings
  - Electrical installation - products for the residential, commercial and industrial markets
• **Representation on 200+ Standards Committees.**
BEAMA ACTIVITIES

COUNTERFEIT

NON-COMPLIANT

DIRECT ACTION IN SOURCE AND MARKET LOCATIONS

PRODUCT TESTING AND AUTHENTIFICATION

RAISING AWARENESS

TRAINING AND SUPPORT TO LAW ENFORCEMENT

LOBBYING FOR STRONGER ENFORCEMENT
90% OF FAKE ELECTRICAL INSTALLATION PRODUCTS ARE MADE IN CHINA
OVER 750 CHINESE COMPANIES HAVE BEEN RAIDED AS PART OF BEAMA PROJECTS
OVER 2900 COMPANIES ON BEAMA’s OFFENDERS DATABASE
-95% are in China
-Information shared with local and international enforcers

OVER 25000 ILLEGAL B2B WEBSITE LINKS REMOVED IN 2014
-Alibaba
-Made in China
-Over 27,000 removed in first 8 months of 2015

OVER 17 MILLION PRODUCTS SEIZED AND DESTROYED SINCE 2000
SOME OF THE VICTIMS!!
WHAT CAN LOOK PERFECTLY GOOD FROM THE OUTSIDE

CAN HIDE SOME HORROR STORIES WITHIN !!
NOT ONLY PRODUCTS!

- LABELS & PACKAGING
- IDENTIFICATION MARKS
- CATALOGUES
- HOLOGRAMS
- CERTIFICATION MARKS
- TEST CERTIFICATES
- TEST REPORTS
- CERTIFICATES of CONFORMITY
‘NEW’ TACTICS

PRODUCTS ARE VERY OFTEN TRADED UNLABELLED TO AVOID ACTION, and then “OEM BRANDED” AT THE POINT OF SALE

“PASSING OFF” OF FAMOUS BRANDS
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LOOK-A-LIKES
COPY CATS
BAD FAITH MARKETING

PASSING OFF
Raising Awareness through publications, videos, exhibitions seminars and websites
INVESTIGATION PROCESS

Identify ‘suspect’ products and suppliers

Decide testing criteria

Purchase products and carry out ‘pilot’ testing

Evaluate ‘pilot’ testing results

Contract to independent 3rd party testing

Engage the support and direct involvement of other Trade bodies

Evaluate results and engage with Law Enforcement authorities

Engage the support and direct involvement of other Trade bodies
2 Suspect brands of mcb literally ‘explode’ on Short Circuit test

BEAMA initiative takes supposedly 10KA mcb’s from the market and checks for compliance with Standards
WATCH OUT!

To the buyer:
- Know the **Products** that you are buying
- Be confident in the **Person** that you are buying from
- Know the **Place** and be cautious about buying from non-authorised channels
- Be alert to bogus certification, look-alikes and re-engineered products

To the distributor or importer:
- Be aware of your full responsibilities under UK & EU law

And just remember, if the **Price** looks too good to be true it probable is!!
Presentation to EDA Regional Business Forum

18th November 2015
LUXLIVE
Approved Cables Initiative - where we are now

Industry-wide working group set up five years ago to address the issue of substandard, unsafe, non-approved and non-conforming cable entering the UK marketplace.
Why ACI’s work is important

• To keep the UK public safe
• So that the UK is known for safe and trusted cable installations
• To avoid the Australian substandard cable issue happening here in the UK
The challenges

• ACI exists as standards are not followed.

• Government has yet to take this issue seriously, but we have tried.

• ACI works with existing legislation, reporting examples of substandard cable to Health & Safety Executive and Trading Standards (TS).

• Government cuts (30%) has led to limited market surveillance resources - TS recently reported a 200 case back-log – deeming an investigation in faulty electrical circuit breakers “not a priority” for investigation.

• This has placed the onus on industry.

• ACI is a known entity to rogue distributors/wholesalers - presenting it with random testing issues.
Installer competence

Additional problems to these challenges include:

• Installers’ ability to understand the specifications associated with the required cables (limited knowledge of standards)
• Installers’ ability to differentiate between compliant and non-compliant cables
• Installers trust the wholesaler/distributor

Poor installer knowledge + inferior cable = a dangerous cable installation
Installer competence

BASEC focus group research has shown that electricians:

- Don’t understand the products they buy
- Rely on wholesalers to provide the right advice
- Conversely, when supplied with non-approved cable from a trusted source, they wouldn’t question the product.

*Wholesalers have a great ‘value-added’ role to play to provide installers with information and with the right products to install*
Our concerns

• The substandard cable problem won’t go away on its own
• Substandard cable is now a worldwide issue
• No one area of the supply chain is singularly responsible – all are, therefore we must deal with it
ACI’s principle objective
To promote the purchase, sale and installation of cable that complies with British Standards (or relevant and appropriate European and International Standards) and where applicable have independent third party approval to demonstrate this.
Wholesaler Approval Scheme

ACI has spoken with EDA Board about a wholesaler/distributor approval scheme that will take the campaign against substandard cable in a new direction.

Opportunity for EDA to be the first to tackle the problem from within the supply chain.

ACI is to produce the detail of this Charter.
Outline of Wholesaler Approval Scheme

• Membership based

• Following a strict membership Charter

• Initially starting with one trade association but it will grow. We have spoken with the ECA and there was a positive response

• Designed and owned by EDA and ACI (having joint Board members)

• Opportunity to work together and beat the substandard cable issue

• A pledge by members of the scheme to only purchase and sell on cable that conforms to British, European or International Standards and complies with legislative requirements.
Distributor’s tales

A MOMENT TO REFLECT ON THE SCALE OF THE PROBLEM
Background

• Enquiry for a selection of rubber and TQ flexible cords was sent to the LongZ Group in China

• Quotation received from the Wasung Electric Cable Company. Paperwork reported Wasung to be a subsidiary of the LongZ Group

• Samples of two sizes of cables were received and tested in accordance with the British Standard - both were compliant with the standard

• Order for nine cables was placed, deposit paid with balance to be paid upon presentation of satisfactory shipping documents.
Order details

• Purchase order stated that all products must be accompanied by certificates of conformity, must fully comply with the relevant British or European Standards, must carry the appropriate CE Marking in accordance with the Low Voltage Directive

• The cables arrived in the UK - accompanying packing list and invoice clearly stated the H05RR-F reference numbers along with the specified conductor sizes

• No certificates of conformity were supplied with the goods and despite repeated requests for copies to be sent none have been received

• All cables supplied as part of the final order failed due to high resistance and in some cases sticking cores because of uncured rubber insulation.
Details of test reports from two UK test laboratories were sent to the CEO of the LongZ Group.

He expressed surprise at the findings and said that these cables were sold into the UK and throughout Europe on a regular basis without any problems.
Further developments

• At this present time, ACI believes LongZ has been using the name ‘Wasung’ to sell cables to the UK

• In this instance the manufacturer secured an order by supplying ‘golden samples’ from another legitimate cable producer (Wasung) - their intention was to deceive

• Once trade samples were accepted, the manufacturer then supplied its own sub-standard cable to complete the order

• None of the substandard cable was sold or installed - importer carried out its own in-house cable checks to ensure they were of the same quality as the original samples
In summary

• Samples received conformed to the required standards
• Ordered cables were outside the required standards with conductor resistances up to 17.23\% higher than the recognised standard
• The cables also had issues re-stripping
• There was no manufacturer’s identification or country of origin on the cables or the labelling
• Any name could be marked on the cables, the CE marking is shown
• All cables received would be classed as 'RECALL' when tested to BASEC criteria.
Points from this

• Chinese OEM will produce cable to any size, with any marking – including own brand, CE Marking and 3rd party approval

• The manufacturer here set out to deceive the customer

• Most distributors will not retest

• Most installers will not check standards or approvals on the cable

• ACI has communicated with OEM, BIS, Trading Standards, and will inform Insurers, Fire Authorities, Local Authority Building Control, Fake Britain and EU cable manufacturers.
Re-cast Low Voltage Directive, April 2016
Greater responsibilities for cable manufacturers and importers
Re-cast Low Voltage Directive

ACI believes the level of understanding of the new LVD Directive is low

Specific obligations will mean greater responsibility for cable importers/distributors

Failure to meet will result in penalties from April 2016
Re-cast Low Voltage Directive

From April 2016 importers must:

• Keep a copy of the EU Declaration of Conformity and ensure technical documentation can be obtained when requested by authorities

• Check that manufacturers outside the EU have applied the correct conformity assessment procedure

• Check that products bear the CE marking and are accompanied by the required documents (BCA point – sometimes CE Marking cannot be applied to the cable, but will be carried in the documentation)

• Ensure that the name and address of the manufacturer and importer is indicated on the products or packaging

• Carry out sample testing and product monitoring as it applies to manufacturers
Market surveillance
Surveillance

• ACI sees its role evolving

• Adopting a more active and aggressive stance, but there will be a cost

• Making checks on distributors’ sites (the ACI Charter envisions this)

• Taking and testing of market samples

• Not losing site of its advisory and education role

• Supporting other industry initiatives to raise the substandard issue further
Market Surveillance

• Talking to like-minded industry groups in the UK and Europe (National Cable Associations in France, Germany, Italy & Spain as well as a EU campaign headed by Europacable)

• Market surveillance activities vary greatly among EU Member States

• ACI is also a member of the eMarket Surveillance Group (EMS) working with BEAMA, GAMBICA, ESCO and LIA and collectively supports Government lobbying on the Strategy of Market Surveillance and Product Safety. Other trade associations have joined this group, including EDA, ECA, AMDEA, ESF & NAPIT
EMS

• Aims - to raise awareness and launch initiatives to combat the availability of potentially unsafe, unreliable or misleading products in the electrical and electronic supply chain

• In a joint initiative with Voltimum it will oversee the launch of the Does it Comply? this autumn

• Campaign which aims to educate and inform contractors, installers, and specifiers to the damaging consequences to the industry from the trade in non-compliant product and to wider stakeholders

• Campaign includes Does It Comply? Website - news, product recall information, training, videos and information on “Counterfeit Kills.”

• Site allows users to submit details of any products that they believe to be non-compliant.
Conclusion

We all want safer cables and this can only be achieved with acceptance of the problem, better monitoring and enforcement at every level of the supply chain.

ACI will continue to be purposeful and intrusive in our checks, market sampling and testing.

Image courtesy of BASEC
Questions?
Getting in touch

Further information is available on the ACI’s new website: [www.aci.org.uk](http://www.aci.org.uk)

ACI can also be found on:

Or email [peter.smeeth@aci.org.uk](mailto:peter.smeeth@aci.org.uk)

Or call 07973 636688