

EVALUATING BUSINESS SAFETY MEASURES

IN THE

TOY SUPPLY CHAIN

FINAL REPORT



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May 2008

This report reflects the results of an evaluation project undertaken under the direction of an independent expert group with the support and technical assistance of the European Commission. The contents of this document do not necessarily reflect the views of the European Commission and are in no way an indication of the Commission's future position in this area. Neither the Commission nor any person acting on its behalf can be held responsible for any use that may be made of the following information.

EXECUTIVE SUMMARY

Introduction

In reaction to the large number of product recalls in Europe over the summer of 2007, the Commission undertook a wide-ranging stocktaking exercise to review the strengths and weaknesses of the existing product safety framework in the EU. One of the actions coming out of this exercise involved an evaluation of the measures that businesses throughout the toy supply chain are taking to ensure product safety.

The main objectives of the project were to identify gaps and weaknesses in the existing practices and activities undertaken by different economic operators to ensure toy safety throughout the supply chain and to recommend concrete actions for improving the current situation.

An ad hoc expert group was established providing independent advice and consisting of representatives of the main stakeholders including manufacturers, importers, retailers, test laboratories, consumers and Member States. The Commission provided support and technical assistance to this group.

Subsequently, activities were undertaken to identify the situation 'on the ground' in the toy sector, including desk research, interviews and fact-finding visits both in Europe and in China, encompassing over thirty organisations.

Main findings

The global toy market was valued at around 67 billion USD in 2006 (up by 4% compared to 2005), with the EU27 making up roughly 25%, equivalent to around 13.5 billion EUR (at 2006 exchange rates). Most of the EU manufacturers are small and medium-sized companies; 80% are small firms with less than 50 employees, while only 5% are large companies but hard data is missing regarding the market share of the bigger versus the smaller companies. Toys are manufactured globally but China is by far the biggest exporter of toys in the world, with some 85% of all toys on the European market originating there.

Data from the 2007 RAPEX report shows that toys were the most frequently notified product category with 31% of all notifications (up from 24% in 2006). The two most important risks associated with toys are choking (often associated with the presences of small parts in toys intended for young children) and too high levels of banned chemical substances such as certain heavy metals and phthalates. Despite this high share of unsafe products notified, available data indicate that toys are involved in only a small percentage of accidents and injuries, with around 1% of all home and leisure accidents concerning toys.

The toy supply chain consists of different types of actors each playing its own distinct role when it comes to product safety. The way these various actors interact depends largely on their position in the supply chain and a defining characteristic of the way in which toys arrive on the EU market is the amount of control that the different European actors (i.e. Original Equipment Manufacturers (OEMs), retailers and traders) have on this chain.

While the bigger OEMs have almost full control over product design and development, manufacturing and distribution, many retailers tend to have control only over manufacturing (albeit in a more hands-off way) and distribution, with traders only having control over distribution but not in any significant way over design and manufacturing. Moreover, as a

general rule one can say that the smaller the actor, the weaker its influence on the supply chain and consequently on product safety.

In practice, for OEMs product safety starts with the design process and safety aspects are addressed from concept design onwards. Given that many OEMs no longer manufacture toys themselves but have outsourced production, they typically exert a large amount of control over the manufacturing chain, including supplier auditing (covering amongst others engineering capacity, quality management systems, supplier management, control of incoming materials, manufacturing equipment and process controls, personnel training, in-house testing expertise and equipment, etc.), raw material supplier controls, production monitoring, product testing, etc.

Compared to the 'OEM' supply chain, the retail 'route to market' is characterised by the limited influence that retailers have over product design, since, except for those companies that develop their own-brand toys, the majority of retailers is not involved in toy development and buys what is available on the market, i.e. 'off the shelf'. Nevertheless, especially the bigger retailers often make significant efforts to control the safety of the products they buy, including supplier auditing, prototype testing and finished product testing. However, retailers typically employ a lower number of safety-dedicated personnel and safety-related contacts with vendors tend to be less frequent.

Finally, the 'trader' route to market is characterised by an almost total lack of control over both design and manufacturing, which, combined with the often small size of these companies and the fact that they might import many other types of products besides toys, means that they tend to find it more difficult to be aware of all relevant requirements and often do not have the capacity to control product safety in any meaningful way. As a result, they have to rely almost entirely on the manufacturer (with whom they might not be in direct contact) and test reports provided to confirm that the supplied products are safe.

In the Chinese toy manufacturing sector, which consists of around 2700 companies with an export license, a 'hierarchy' can be distinguished with the big companies working for the big OEMs, medium-sized manufacturers supplying to retailers and bigger traders, and small suppliers selling to smaller traders. In general, the smaller the manufacturer, the less ability it has to control product safety. Although the bigger players tend to have significant in-house capacity to deal with safety issues, medium-sized companies typically have a less well-developed system to control product safety, while the smaller companies often struggle to guarantee consistent product quality and safety and rely mainly, if not only, on the local authority's export licensing and product testing for ensuring and showing compliance.

Chinese manufacturers claim that it is difficult for them to fully understand the legislative approach in the EU whereby conformity with a certain harmonised safety standard does not necessarily mean the product is in compliance with all applicable safety requirements as set out in the legislation. Although efforts from the EU and the Chinese authorities, as well as the European toy industry, to inform the Chinese toy manufacturers about the applicable regulations and harmonised safety standards for toys in the EU have resulted in greater awareness, there is still a need to improve in particular the understanding of requirements that are regulated in non-toy specific legislation such as for certain phthalates and azo colorants.

The Chinese government operates an extensive inspection and export control regime for toys, including export licensing, manufacturer auditing and classification, first item registration, video surveillance, batch testing and training. In response to the recalls, towards the end of 2007 it strengthened the controls for toys, with the auditing of a large number of manufacturers and revoking the export license of 701 companies.

Testing organisations are being used extensively by different actors to assure toy safety, not only through product testing but also for doing risk assessments, giving advice on quality management procedures, undertaking factory audits and inspecting products before shipment. Some of these laboratories have notified body status under the Toy Safety Directive, which gives them a special role in ensuring the safety of toys under the so-called EC type-examination conformity assessment procedure. The main concerns with their functioning relate to different interpretation of the European harmonised safety standards and test methods between different laboratories, communication difficulties between different branches of the same laboratory and the perceived lack of competence of a number of notified bodies.

Regarding the European enforcement practice, the research found that some Member State surveillance authorities find it difficult to ensure effective toy safety controls, both due to a lack of resources, as well as a lack of expertise regarding the applicable safety requirements. Moreover, with respect to the notified bodies mentioned above, Member States are also responsible for establishing and carrying out the necessary procedures for the assessment, notification and monitoring of such bodies. The perceived lack of quality at a number of these bodies also reflects negatively on the rigour of the system operated by certain authorities.

Consumers also play an important role in the toy supply chain, since they can inform toy companies and retailers about quality problems or even accidents with the toys they have bought, thus providing an important feedback mechanism for improving toy safety. Moreover, safety-educated consumers could contribute to a stronger demand for safe products.

Finally, there are a number of cross-cutting concerns regarding toy safety, including the poor quality or absence of technical files, problems with age grading of toys, weak recall management practices and interpretation issues with harmonised toy safety standards.

Key conclusions and recommendations

One of the most important conclusions that can be drawn from the research is that product safety cannot be guaranteed only by final product testing, but that it has to be embedded in the entire product development and production process. Adopting and maintaining a strong quality and safety culture was found to be a critical element in ensuring continuous attention to product safety issues.

The project has confirmed that the larger, reputable toy companies, through their leverage over the supply chain, are in the best position to guarantee such a 'holistic' approach to product safety. At the same time it has become clear that many of the smaller economic operators (whether on the European or on the Chinese side) are far less well-equipped to deal with safety issues.

As a result, for many of the smaller operators the Chinese government's export controls, when undertaken, are the only real independent test of the product's safety before being placed on the EU market. In fact, with the strengthening of the controls in China and the importance of the importer in determining safety requirements, the difficulties, especially for smaller actors, to properly address product safety seems to have become one of the main gaps in the toy supply chain.

Regarding the existing standards for toys, a major concern is the perceived complexity of the European harmonised toy safety standards (in good part due to the variety and complexity of toys themselves) which, combined with the proliferation of standards that cover toy safety both at international level (ISO) and in other major toy markets, result in interpretation and compliance problems. Moreover, since the majority of Chinese exports go to the US there tends to be a bias towards compliance with the US standards.

Regarding the enforcement practice in Europe, a persistent concern seems to be the perceived lack of expertise regarding toy safety with certain enforcement authorities and the resulting lack of a level playing field in enforcement practice across Europe. It seems that to make up for this lack of in-house knowledge several market surveillance authorities ask economic operators to submit test reports from notified bodies even though there is no requirement for the product in question to undergo EC type-examination pursuant to the relevant provisions of the Toy Safety Directive. In this context it is worrying that notified bodies seem in several cases to be struggling to properly fulfil their role, which also reflects poorly on the process of assigning notified bodies which appears, at least in some Member States, to have serious shortcomings.

Finally, there are a number of 'horizontal' issues that need to be addressed including the quality of technical files, product traceability and recall management.

Although the project focused on the toy sector, several of the findings will be pertinent to other product sectors as well. Most importantly, the conclusion that safety has to be embedded in the entire product development and production process is valid for all other product sectors. Secondly, the fact that the smaller economic operators struggle most to ensure product safety is almost surely applicable to other consumer goods sectors such as electrical appliances, lighting equipment, clothing, child care articles and cosmetics. Moreover, the lack of resources and a pro-active, risk-based approach to market surveillance will also be felt in these areas. Finally, the gaps in the notified body system may also be found in other product sectors where EC type approval is used.

While the New Legislative Framework for the marketing of products and the proposed changes to the Toy Safety Directive will both introduce significant improvements to the overall legislative framework for toy safety, many of the problems will require more detailed, practical solutions, leading to the following main recommendations:

- **OEMs** should engage in education and training of all relevant stakeholders such as market surveillance and customs authorities, Chinese government and industry representatives, and other, especially smaller, economic operators, to share their expertise and best practices;
- **Retailers** should engage in education and training of internal buyers and external suppliers of toys regarding the applicable rules in the EU (i.e. legislation, standards and guidance) and adopt measures to require suppliers to have adequate safety systems in place as a condition of business;
- **Traders** should ensure knowledge of the applicable rules (i.e. legislation, standards and guidance) in the EU and guarantee that the products they place on the market respect the applicable safety requirements;
- **Manufacturers** should ensure the existence of a strong quality attitude and management system, including knowledge of the applicable rules in the EU, and guarantee adherence to relevant procedures;
- **Chinese enforcement authorities** should continue to strengthen the supervision efforts vis-à-vis the Chinese toy industry, especially focusing on the weaker manufacturers, and engage actively in the exchange of information about the applicable EU product safety framework and the specific toy legislation, standards and guidelines;
- **Testing organisations** should improve their coordination (both internal and external) regarding standardisation developments and interpretation issues and engage in training activities towards relevant stakeholders;

- **Notified bodies** should ensure they are qualified to undertake the specific tasks for which they are assigned;
- **All economic operators** should ensure the traceability of products and components in the supply chain, for example through better inventory and supplier management, and improved product identification;
- **All stakeholders** should ensure correct and easily-accessible safety information is widely available, in particular for consumers, for example by developing guidelines on how to inform them about safety aspects of the toys they buy at point of sale, including through the internet;
- **EU enforcement authorities** should undertake regular, risk-based surveillance projects focused on toys and target the surveillance activities more effectively towards the identified problem areas in the supply chain (i.e. smaller traders);
- **EU enforcement authorities** should improve and harmonise the assignment and monitoring processes of notified bodies among the Member States and undertake regular audits of such organisations (including of their overseas branches) to ensure necessary expertise and quality is maintained;
- **Policymakers** should investigate the options for further harmonisation of toys standards at international level, taking into account the different underlying legislative frameworks;

These and the other recommendations coming out of the research are only a first step in the process of improving toy safety. The next step will be to discuss the results of the project with all relevant stakeholders and, subsequently, for them to engage in a combined effort to strengthen the system and to help prevent unsafe toys being placed on the European market in the future.

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1. INTRODUCTION

The summer of 2007 saw a large number of product recalls in Europe, especially concerning toys, which gave rise to significant political and media attention. More importantly, consumers started to lose their confidence in the safety of the products they buy on a daily basis.

In reaction to these events, at the end of August 2007, the Commission launched a wide-ranging stocktaking exercise to review the strengths and weaknesses of the existing mechanisms to ensure European consumers enjoy a high level of protection in the area of product safety, drawing in particular upon the toy recalls. Next to the existing regulatory framework, this stocktaking addressed all the main actors involved in ensuring product safety, including the Member States, our main trading partners (i.e. China and the US) and, last but not least, the economic operators.

The exercise concluded that the existing EU legislative framework, when properly applied, is capable of ensuring a high level of consumer protection and at the same time facilitating intra-community trade. Nevertheless, a number of areas for further consideration were identified¹ and one of the immediate follow-up actions consisted of an evaluation of the measures that businesses throughout the toy supply chain are taking to ensure product safety.

This report describes the activities undertaken during this project and gives recommendations for possible follow-up actions to further improve product safety in the toy supply chain.

2. PROJECT OBJECTIVES AND METHODOLOGY

2.1. Objectives

The key objectives of the project were to:

- (1) Obtain a comprehensive overview of the toy supply chain;
- (2) Identify established practices and activities undertaken by different economic operators to ensure toy safety throughout the supply chain;
- (3) Identify gaps and weaknesses in the existing system for ensuring toy safety; and
- (4) Recommend concrete actions to improve the current situation.

2.2. Project phases and timetable

The project consisted of a preparation phase in which the methodology was developed and an expert group was established consisting of representatives of the main stakeholders including manufacturers, importers, retailers, test laboratories, consumers and Member States.

Subsequently, activities were undertaken to identify the situation 'on the ground' in the toy sector, including desk research, interviews and fact-finding visits both in Europe and in China.

¹ For more details see also press release IP/07/1746 from 22 November 2007 (<http://europa.eu/rapid/>)

Finally, the findings were analysed and recommendations proposed. The project started in mid-November 2007 and finished at the end of May 2008.

2.3. Expert group

To assist the Commission with the evaluation an *ad hoc* expert group was established, with the following main tasks:

- Provide input and independent advice to the project based on existing experience and knowledge;
- Function as a sounding board for discussion of results and recommendations;
- Play a role in the dissemination of the results in the stakeholder community and in the implementation of the recommendations where possible.

The group consisted of the following experts:

- Helen Amundsen (ANEC/BEUC)
- Wim Berkel (Dutch Food and Product Safety Authority)
- Jerome Billot (Carrefour)
- Alf Cash (Mattel)
- Natale Consonni (Istituto Italiano Sicurezza dei Giocattoli)
- Linda Crane (British Retail Consortium)
- Brian Ellis (Toy Industries of Europe)
- Ton de Koning (Dutch Food and Product Safety Authority)
- Daryl Scrivens (HASBRO)
- Sanda Stefanovic (SGS)

These people participated in the project as independent experts and not as formal representatives from their respective organisations. The group met five times over the course of the project.

2.4. Fact-finding visits and interviews

In order to support and deepen the knowledge of the expert group regarding product safety measures in the toy supply chain, a number of visits and interviews were undertaken to investigate current practices in more detail, involving the following types of organisations:

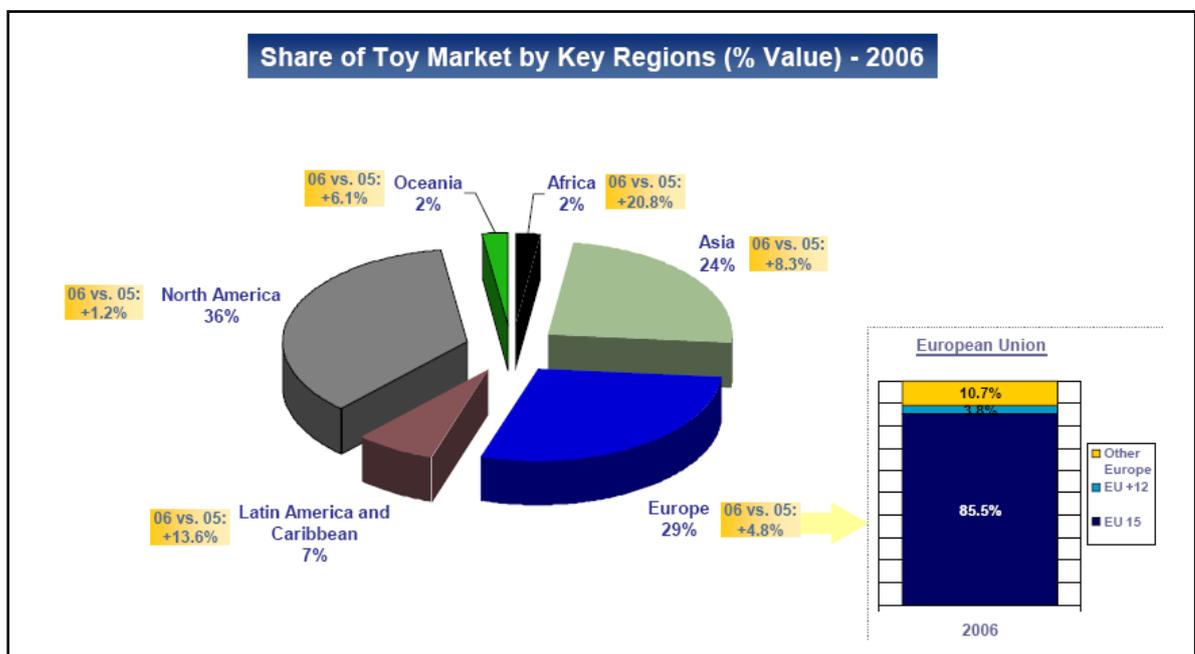
- Toy Original Equipment Manufacturers (OEMs) from the US (HASBRO, Mattel)
- Toy OEMs from the EU (Lego, Giochi Preziosi, Simba Dickie)
- Toy retailers from the EU (Carrefour, IKEA)
- Toy importers from the EU (Toy Traders Association, British Toy Importers Association, Vereniging Importeurs Verre Oosten)
- Toy manufacturers from China (7 companies)
- Toy raw material suppliers from China (1 company)
- Toy traders from Hong Kong (1 company)

- Toy testing laboratories from China (SGS, various manufacturer labs, CIQ labs)
- Toy testing laboratories from the EU (Bureau Veritas)
- Toy associations (Toy Industry Association (US), Toy Industries of Europe, China Toy Association, Hong Kong Toy Council, Shenzhen Toys Industry Association)
- Toy fairs (Nuremberg toy fair)

3. FINDINGS

3.1. The toy market

According to a recent study undertaken for the International Council of Toy Industries², the global toy market was valued at around 67 billion USD in 2006 (up by 4% compared to 2005). Europe was estimated to have 29% of that market, with the EU27 making up roughly 90% of Europe's share, equivalent to around 13.5 billion EUR (at 2006 exchange rates).



Most of the EU manufacturers are small and medium-sized companies (SMEs); 80% are small firms with less than 50 employees, while only 5% are large companies. Even though hard data is missing to circumscribe the less well-known part of the market, the 80/20 rule probably applies here as well, meaning that roughly 80% of the problems are caused by around 20% of the economic operators.

Toys are manufactured globally but China is by far the biggest exporter of toys in the world. For Europe, some 85% of all toys on the market are produced in China.

The toy market is highly seasonal with around 70% of toy sales taking place before, during and just after the Christmas holiday period. This means that a peak in production takes place in February/March/April and in imports around May/June with the last ships containing Christmas toys departing for Europe in July. Nevertheless, last minute shipments

² Toy Markets in the World. Prepared for ICTI by NPD Group, 2007.

in October or November also occur, especially for high-value, well-selling toys that are sometimes even shipped by plane.

Licensing³ is especially frequent in the toy industry and may occur at any level of the supply chain, from design to manufacturing to distribution and retail. This practice is still growing and does not only apply to toys. Many OEMs engage in licensing to 'extend' their toy brands into other related areas, for example cutlery, picture frames, children's clothing, back-to-school products, bicycles, etc.

Linked to the practice of licensing is the use of promotional toys and premiums that are given to consumers when they buy other products such as fast-food meals, cereals or magazines. These are often smallish, fairly simple products but are placed on the market in high volumes (see examples below).



Looking in a bit more detail at the types of toys that are available on the market, data from Toy Industries of Europe⁴ shows the following division for the major types of toys:

Toy Category	Market Share (%)	
	2004	2005
Infant/Preschool	17.2	19.6
Games/Puzzles	13.8	14.5
Dolls	13.9	12.5
Vehicles	11.4	9.4
Outdoor & Sport toys	10.4	10.6
Building Sets	6.4	7.2
Arts & Crafts	5.7	5.8
Plush	5.6	5.7
Action Figures & Accessories	4.2	4.7
Learning & Exploration	1.7	1.7
All other	9.7	8.3
Total	100.0	100.0

The toys that come onto the European market find their way to final consumers via different routes. The following table shows the most important outlets for toys⁵:

³ Licensing refers to the business of leasing the right to use a legally protected name, graphic, logo, saying or likeness, in conjunction with a product, promotion or service. Generally, the license is sealed by a formal agreement between the owner or agent of the copyright, trademark or patent (the licensor) and the prospective licensee who is either a manufacturer, supplier of services or an agent on behalf of them (TIA, 2002).

⁴ Toy Industries of Europe, Facts and Figures, July 2006.

	Traditional Toys in 2005 (%)					
	France	Germany	Spain	Italy	UK	Total
Toy specialists	44.3	40.8	46.0	34.0	26.9	36.2
Mass Merchant/Discount Stores	42.9	14.2	30.8	39.0	10.6	24.0
General Merchandise	3.3	5.5	5.8	13.2	27.0	13.2
Department Stores	1.9	15.7	11.8	7.6	3.3	6.5
Mail order	3.5	6.7	-	-	3.5	3.9
All other	4.1	17.1	5.6	6.2	28.7	16.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Despite a lack of data on the share of toy sales via the internet the expectation is that internet sales have increased their share, but it should be noted that manufacturers rarely sell directly online, so toys sold online will go primarily through retailer websites⁶. Also mail order sales may have shifted largely to the internet.

One of the major concerns of internet selling seems to be the limited amount of information presented to consumers about toy safety. A 2002 study undertaken by the five Nordic countries⁷ showed that information that a certain toy was not intended for, and might be dangerous to, children under 3 years was missing on nearly all investigated websites.

3.2. Unsafe toys

Data from the 2007 RAPEX report shows that toys were the most frequently notified product category with 31% of all notifications (up from 24% in 2006). The two most important risks associated with toys are choking (often associated with the presences of small parts in toys intended for young children) and too high levels of banned chemical substances such as certain phthalates.

Despite this high share of unsafe products notified, available data indicate that toys are involved in only a small percentage of accidents and injuries. Evidence from the Injury Data Base⁸ shows that only around 1% of all home and leisure accidents concern toys, with wheeled toys, balloons and beads implicated most often. As expected, accidents occur most frequently in and around the home, and in schools, with children between 0 and 4 years accounting for 40% of all injuries.

⁵ Source: Toy Industries of Europe, Facts and Figures, July 2006. Distribution channels are defined as follows:
Toy Specialists: Toy chains and toy shops, e.g. Toys'R'Us, La Grande Récré, Toys Center
Mass merchant/Discount stores: Hypermarkets, Discounters, e.g. Carrefour, Auchan, Tesco
General Merchandise: Urban non-toy specialists (bookshops, small generalists) e.g. Woolworths, FNAC
Department Stores: Includes stores such as El Corte Ingles, Karstadt, Galeries Lafayette
Mail order: Includes companies such as Quelle, La Redoute
All Other: Non-toy specialists, (catalogue showrooms, markets, others) e.g. Argos, Go Sport

⁶ Study on the impact of the revision of Council Directive 88/378/EEC on the safety of toys. Final Report, RPA, October 2004. (http://ec.europa.eu/enterprise/toys/documents/toys_final_report_without_annexes.pdf)

⁷ The Sale of Toys on the Internet – Warnings and Instructions. Common Nordic Survey organised within the project Nordic Cooperation Forum for Product Safety, 2002.

⁸ The Injury Database (IDB) is a database on non-fatal home, leisure and sports accidents with the aim facilitate injury prevention in the Member States and at EU level - through trans-national aggregation and harmonization of data, and through reporting and benchmarking. For more information please see the following website: <https://webgate.ec.europa.eu/idb/index.cfm?fuseaction=home>

As expected, data to link accidents involving toys with where they were bought, whether they were of good or poor quality or actually unsafe, is not available⁹, making it difficult to establish a direct link between injury data and the part of the supply chain responsible for placing unsafe toys on the market.

3.3. Activities in the toy supply chain to ensure safety

The toy supply chain consists of different types of actors that each plays its own distinct role when it comes to product safety. The way these various actors interact with each other depends largely on their position in the supply chain.

From a product safety perspective, a defining characteristic of the way in which toys arrive on the EU market is the amount of control that the different European actors (i.e. OEMs, retailers and traders) have on the toy supply chain. While the bigger OEMs typically have full control over product design, manufacturing and distribution, many retailers tend to have control only over manufacturing (albeit in a more hands-off way) and distribution, with traders only having control over distribution but not in any significant way over design and manufacturing. Although in principle no company will deliberately make and sell unsafe products, generally one can say that the smaller the actor, the weaker its influence on the supply chain and, consequently, on product safety.

Obviously, as with any model of reality, this representation of the toy supply chain is a simplification which will not cover each and every possible way that a toy can find its way onto the European market nor do justice to the activities of some smaller actors. For example, the bigger retailers may design some of their own-brand toys and as such operate in much the same way as an OEM. At the same time, there will be smaller OEMs that have less in-house capability to deal with safety issues than the big retailers. In similar fashion, the larger specialist toy traders may have good control over manufacturing, while smaller retailers will operate as small traders do. So next to its specific role in the supply chain, the size of the actor is also a key determinant for how much influence it can have over product safety.

As indicated above, China is by far the biggest exporting country for toys. Moreover, the Chinese government operates a system of toys export controls, which in its scope and depth is by far the most elaborate in the world. Therefore, the research has focused exclusively on China, both in terms of toy manufacturers as well as for export controls.

However, with labour costs rising relatively quickly in China, labour-intensive sectors such as the toy industry could well relocate production to other countries in the region or beyond that still have a lower cost base. Once this starts to happen, collaboration on product safety should be extended to include these new production centres.

With these qualifications in mind, the following sections provide a more detailed description of the activities undertaken by the key stakeholders to ensure toy safety.

⁹ See also: Study on safety and liability issues relating to toys. Briefing note for the European Parliament's Committee on Internal Market and Consumer Protection. Civic Consulting, January 2008.

3.3.1. *Original Equipment Manufacturers (OEMs)*

As mentioned above, OEMs (and especially the bigger ones) have almost complete control over their supply chain, including the product development process, manufacturing and distribution of their products.

Given the concern about their brand reputation, most OEMs embed their approach to safety in the companies' vision and values, which is subsequently detailed in the corporate policies for product safety. These typically include procedures for product development (e.g. undertaking risk assessments, adherence to the highest global safety standards, etc.), supplier policies (e.g. buying from certified suppliers, regular auditing of suppliers, etc.), recall policies (e.g. consumer hotlines, contacts with authorities, etc.), etc.

In practice, this means that safety starts with the design process and safety aspects are addressed from concept design onwards. The applicable safety requirements come from a variety of sources, including legislation and standards, customer complaints, accidents and injuries, RAPEX notifications, customer focus groups (e.g. children playing with prototypes under controlled conditions) and risk assessments. These requirements are embedded into the design process via product development and quality procedures.

Given the fact that the bigger OEMs operate globally, they often use the strictest requirements applicable anywhere, no matter where they sell their toys. This means that in some markets they go beyond what is legally required in that specific market as it is normally not economically feasible to produce several different versions of the same toy only on the basis of differing safety requirements. At the same time, OEMs that sell exclusively on the EU market will focus obviously on the European legal requirements.

Although some OEMs still have their own factories (e.g. HASBRO, Lego and Mattel), many no longer manufacture toys themselves but have outsourced production to so-called vendors. Nevertheless, they typically exert a large amount of control over these manufacturers and having a good relationship with vendors is one of the key elements in ensuring product safety. Before becoming an approved vendor, manufacturers are audited on a broad range of issues including engineering capacity, quality management systems, supplier management, control of incoming materials, manufacturing equipment and process controls, personnel training, in-house testing expertise and equipment, etc.

Moreover, many OEMs also control (at least to some extent) the suppliers to their vendors, especially for high-risk materials such as paints. Some of the bigger OEMs sometimes go as far as buying their own raw materials on the spot market, both to obtain better prices as well as to be able to better control safety aspects, for example concerning certain phthalates in PVC. Vendors are then obliged to use this material in the production for the OEM.

OEMs may also specify process conditions to ensure the necessary component/product quality is obtained during production. In this context, a potential problem is the fact that vendors do not always tell their OEM customers about, and obtain approval for, all the changes they implement in material procurement and production, something they are often contractually obliged to do. Such changes could have an impact on product safety.

Often, companies have a dedicated safety organisation, which tend to be embedded in, and/or provide advice to, the various internal departments such as design, engineering, sourcing, manufacturing, etc. Subsequently, OEMs often have a significant number of dedicated personnel to deal with product safety concerns, including child psychologists and ergonomics experts for the design phase, quality engineers and chemists for production and product control, and government affairs specialists and lawyers for advocacy purposes and to follow-up on recalls. This organisation also extends to the vendor facilities, where quality/safety engineers assist in and control the manufacturing process, and are often on-site on a weekly basis.

Regarding product testing, most OEMs operate on the basis that product safety cannot be guaranteed only by finished goods testing, but has to be embedded in the entire product development process. This means that testing happens regularly throughout the development and manufacturing process, for example at final prototype stage, for incoming components and materials (e.g. paints), during production and for final products. Samples are often taken by OEM personnel to ensure unbiased sampling and are sometimes tested by 3rd party laboratories.

The seasonality of the toy sector combined with the often large volumes involved, means that production is concentrated in a relatively short period of time. As a result, there is significant pressure on the supply chain and limited flexibility for OEMs to increase production or switch to other vendors. This may in some cases result in last minute outsourcing of (parts of) production to other manufacturers where controls could be less strict.

Another potential problem in the OEM supply chain is obsolete inventory. Such old stock can be quite large, for example if toys fail to sell well in the first year and subsequently take several years to sell off. Sometimes this happens through so-called 'close-out merchants' which help OEMs to get rid of old inventory at knock-down prices. Such products often find their way to market places and the like, and can be quite old, sometimes falling foul of standards that may have been updated in the meantime. These operators are often unaware of normative changes and of safety aspects in general, and may also sell in other jurisdictions than those where the toy was first intended to be sold, with the potential of falling foul of certain safety requirements.

3.3.2. *Retailers*

Compared to the 'OEM' supply chain, the retail 'route to market' is characterised by the limited influence that retailers have over product design. This is the result of the fact that, except for those companies that do develop their own-brand toys, the majority of retailers is not involved in toy development and buys what is available on the market, i.e. 'off the shelf'. While they may sometimes specify product sizes and colours, they usually do not have direct influence over the safety-related design and manufacturing aspects of these products.

However, with a brand reputation of their own to uphold, a market share to protect and customers to please, the bigger players often make significant efforts to control the safety of the products they buy and act to ensure that their smaller suppliers are informed about product safety issues and supply them with products known to be safe. Moreover, under the EU legislative framework, retailers (i.e. when operating as

importers) have the same responsibilities as manufacturers regarding toy safety. The smaller retail outlets, such as individual toy shops, do not fall into this category as they will typically buy their toys from European traders and as such do not themselves import the products they sell.

Broadly, retailers can be divided into toy specialists (e.g. Toys-R-Us, Giocheria, King Jouet) and general merchandise stores that import a wide variety of products with toys representing often only a small share of total imports, although this can still be a high volume given the size of these companies (e.g. Carrefour, Tesco, IKEA).

Retailers can buy toys both from OEMs in the EU or directly at source via their procurement offices in Asia. This means that the same toy can be placed on the market by the OEM but also by an importer. Although these different routes to market should not have an impact on the safety of the toy concerned, the responsibility for ensuring that safety finally lies with different actors which can complicate enforcement for example in the case of a recall.

Typically, retailers will decide which toys to buy based on their overall offer to the consumer. Next to the branded toys, they often sell 'own-brand' or 'no-brand' products sourced directly from the Chinese manufacturer, on the basis of a catalogue or a visit to a toy fair.

Before placing an order with a specific vendor, they will audit the factory focusing on the usual elements such as quality management systems, supplier management, control of incoming materials, process controls, etc. This audit may be conducted by the retailer's own staff or by third party specialist companies and will be repeated, normally on a yearly basis, to ensure quality standards are maintained and corrective actions are implemented.

Subsequently, they will require the vendor to prepare a few prototypes that will be tested according to the applicable safety requirements, either in a, typically well-renowned, Chinese or European 3rd party laboratory. If this test is satisfactory, an order will be placed. Finally, before shipment samples may be taken from the toys produced and are tested again.

Compared to the OEMs, retailers typically employ a lower number of safety-dedicated personnel and safety-related contacts with vendors tend to be less frequent. When buying branded toys, retailers often rely on the test reports from the OEMs to assure themselves of their safety, although some require additional 3rd party testing.

Since, in many cases, consumer complaints are received in the first instance by the retailer, many retailers have detailed consumer complaints systems and are a useful source of safety information to manufacturers and importers.

As already indicated, the bigger traders – and specifically those that focus mainly on toys – will operate in much the same way as the bigger retailers when it comes to product safety. Smaller retailers will typically not have the resources to control safety aspects in any kind of detail and will rely almost exclusively on final product testing to ensure toy safety.

3.3.3. *Traders*

Finally, there are a large number of small and medium-sized traders that bring toys onto the European market. Traders in this context are considered to be those actors (whether they import toys or buy them from EU manufacturers) that do not directly sell toys to final consumers. This 'trader' route to market is characterised by an almost total lack of control over both design and manufacturing.

In this part of the supply chain a distinction can be made between those traders focused exclusively on toys and those that trade in a wide variety of products, including toys. The dedicated toy traders are typically sufficiently aware of the relevant safety requirements but might not have the ability to employ specific personnel to look after safety issues. This task often falls to the buyer, who may communicate basic safety requirements to the manufacturer (e.g. to comply with the relevant standards) but has to rely on 'vendors' capabilities and 3rd party test labs to ensure compliance.

These traders will sometimes use 'trusted' vendors (e.g. those that have not caused problems in the past) but will usually not be in a position to question toy safety aspects or check the veracity of a test report. They do however tend to require testing by well-known test labs.

The 'general' trader will often not be aware of the specific safety requirements as importing toys might be an occasional or seasonal activity. Moreover, being SMEs, these players do not have the necessary resources to control product safety in any meaningful way and have to rely entirely on the manufacturer (with whom they might not be in direct contact) and test reports provided. These are in many cases from the local Chinese authorities that issue test reports as part of their export control system.

As with most retailers, traders will only buy 'off the shelf' and will not have any influence on product design and manufacturing, and hence safety aspects. This is exacerbated by the fact that these products are 'designed' and produced for a global market and may therefore not automatically comply with all relevant requirements applicable in the EU. Combined with the short life cycle of many toys and the often limited size of orders (i.e. small production volumes and low costs), this means that specific safety requirements are not taken into account as they cannot be justified in terms of added cost.

Moreover, testing costs tend to be prohibitive given the low order volume and sales value of many toys. This sometimes results in partial testing or testing by organisations with limited expertise in this area. It is also common for there to be reliance on test reports for similar products rather than the actual product on sale or acceptance of very old test reports with an assumption being made that the product has not changed.

Another problem is the lack of transparency in this supply chain, as in practice a buyer may not know who exactly produces a batch of toys as contacts run via an agent (e.g. in Hong Kong) and the 'sub-contractor' may again sub-contract part of the production to one or more other manufacturers.

3.3.4. *Manufacturers*

With 85% of all toys on the European market coming from China, the research has focused almost exclusively on the Chinese toy industry. Its manufacturing base consists of around 7500 companies and is concentrated in a few key regions, each with its own focus in terms of the type of toys being produced.

Chinese manufacturers that want to export toys have to apply to the local government to obtain an export license before being allowed to do so. This typically involves process and product audits (see next section for more details). Given the efforts and costs involved in this, most exporting companies manufacture only for overseas markets, with just a small percent of their production destined for China itself.

There is a wide variety of toy manufacturers in China, ranging from big companies to small workshops. A 'hierarchy' of manufacturers can be distinguished with the big vendors working for the big OEMs, medium-sized manufacturers supplying to retailers and bigger traders, and small vendors selling to smaller traders. In general, the smaller the manufacturer, the less ability it has to control product safety. This is also reflected in the lack of a well-developed quality or safety culture in most of the smaller companies.

The manufacturers involved in the OEM supply chain are often large manufacturers (between 5000 and 50.000 employees) with significant in-house capacity to deal with safety issues. Linked to the fact that they also have a reputation to uphold, they all run elaborate quality management systems, have dedicated engineering and safety personnel, control their suppliers, undertake random sampling and testing by 3rd party labs of finished components and operate in-house labs that are often ISO 17025 accredited by HOKLAS or CNAS. As a result, these companies are usually also very familiar with the safety requirements in exporting markets.

Chinese toy manufacturers that supply mainly to the bigger retail chains and traders tend to be smaller companies (i.e. between 1000 and 5000 employees). They are also required to have an export license, but their capacity to control product safety is typically less well-developed than the OEM suppliers with weaker quality systems, fewer dedicated personnel and less frequent testing. Moreover, they rely more on supplier declarations regarding incoming raw materials and 3rd party testing as they typically do not have an in-house test lab.

There is little overlap between manufacturers that supply to OEMs and those supplying to the bigger retailers and traders, as OEM vendors are usually not allowed to produce for retailers or other importers to try to avoid intellectual property rights issues and so-called 'knock-off' or 'look-alike' products (e.g. not "my little pony" but "my special pony", which looks almost the same as the original).

The manufacturers involved in the trader supply chain tend to be smaller companies that, while still having the ability to export, often struggle to guarantee consistent product quality and safety. They typically operate rather limited quality systems, undertake less frequent testing and rely mainly, if not only, on the local authority's export licensing and product testing for ensuring and showing compliance.

Regarding supplier control, one of the key concerns of manufacturers is to control heavy metals in subcontracted coated parts. In reaction to this the bigger players aim to avoid outsourcing of coated parts, supply certified paint to the subcontractor,

undertake in-process checks at the subcontractor facility and test incoming parts. The smaller manufacturers will typically not have this ability and non-compliances may only show up in final product testing or be missed completely if there are batch-to-batch variations.

Another problem occurs with materials for which the toy industry is a minor customer (e.g. electrical wiring or textiles). Given the subsequent lack of negotiating power, the toy sector will typically be forced to buy the same materials as other consumer product industries where safety demands may be different. Products which are sometimes used in toys but are not always considered toy products such as writing materials, adhesives and stickers are similarly prone to failing the safety requirements.

Since the majority of Chinese exports go to the US, there tends to be a bias towards compliance with American regulations, which are essentially based on compliance with standards. This is one of the factors that might explain why the Chinese manufacturers claim that it is difficult for them to fully understand the legislative approach in the EU whereby conformity with a certain harmonised safety standard does not necessarily mean the product is in compliance with all applicable safety requirements as set out in the legislation. Although efforts from the EU and the Chinese authorities, as well as the European toy industry, to inform the Chinese toy manufacturers about the applicable regulations and harmonised safety standards for toys in the EU have resulted in greater awareness, there is still a need to improve in particular the understanding of requirements that are regulated in non-toy specific legislation such as for certain phthalates and azo colorants.

The apparently greater awareness of US standards is increased by the fact that the American industry through TIA seems more active in China in terms of training and assistance to manufacturers. A clear example of this US bias can be found in the focus by almost all manufacturers on lead in paints in comparison with other potential issues such as solvents or cosmetics in toys.

In terms of toy production, seasonality puts significant pressure on manufacturers regarding their ability to produce high volumes in a relatively short period of time. This sometimes results in poorly controlled subcontracting and weaker traceability.

3.3.5. Chinese export controls

The authority in charge in China for export controls of products (including toys) is the General Administration for Quality Supervision, Inspection and Quarantine (AQSIQ) together with its local China Inspection and Quarantine (CIQ) branches.

The Chinese government operates an extensive inspection and export control regime, in which the following main elements can be distinguished:

Export licensing

Before being allowed to export, a manufacturer has to apply for an export license at the local CIQ. Toys are a product category for which an export license is obligatory. The CIQ grants an export license only to those manufacturers judged to meet the following requirements:

- A quality management system shall be established and kept effectively running;

- The manufacturer shall have adequate resources such as equipments, apparatus and personnel and be competent for producing qualified toys;
- The manufacturer shall possess the ability to understand and implement relevant standards;
- A system for auditing and quality control of raw material suppliers shall be established;
- A correction and tracing system for disqualified products shall be set up;
- The products shall comply to the relevant standards after testing;
- Official audit and periodical inspection shall be performed by the CIQ; and
- Dynamic management shall be implemented.

Manufacturers whose systems are not in line with the requirements have to make improvements within a certain time limit. If they fail to do so the frequency of random inspections will be increased, export will be suspended or their export license will be withdrawn. At the moment of writing there were 2668 Chinese toy manufacturers with an export license.

Classification

In line with the Administrative Measure for Classification of Manufacturers of Export Commodities, the CIQs use three categories to classify exporting toy manufacturers, based on the level of compliance with the following criteria:

- (1) Strictly abide by the Commodity Inspection Law and its implementing regulations, as well as AQSIQ's other relevant provisions;
- (2) Operating a sound quality management system (independently certified in order to achieve class 1 status) and effective operation;
- (3) Required documents must be obtained for the export products subject to quality license system and compulsory product certification system;
- (4) Product quality is stable and export volume reaches a certain level;
- (5) Product safety and quality, hygiene, environmental protection, item sampling and testing results are in conformity with the relevant state regulations. According to AQSIQ's regulation, safety and quality type testing of export products must be conducted by a designated laboratory on a yearly basis, and the testing results must be positive;
- (6) Has established export inspection system, testing laboratory, and high quality testing facilities and qualified testing personnel trained and certified by the Inspection and Quarantine Agency.
- (7) The yearly average pass rate of batch testing is not less than 98% (95% to achieve class 2);
- (8) Reliable product quality and high integrity. No record of return, counterclaim and other accidents due to product quality issue in the previous two years (one year for class 2).

Those not qualified for the first and second class or with an export history of less than one year are classified as third class.

Not all batches of exported toys are being tested by the CIQs. The actual sampling rate depends on the classification as follows:

- First class: the batch sampling rate ranges between 5% -15%;
- Second class: the batch sampling ranges between 30% - 45%;
- Third class: the batch sampling ranges between 60% -100%.

First item registration

As part of the strengthened system for toys, the CIQs operate a so-called "first-item registration" to enhance the safety control from a product design perspective and to support product traceability. Under this system, toy manufacturers can apply for first product registration at their local CIQ by submitting a range of information, including the product's name, picture, item code, export destination, test reports, raw materials and production processes. If special chemical substances are used in the production, safety analysis reports of those substances or toxicological testing/assessment reports have to be presented as well. If the toys are manufactured for an OEM, a confirmation letter of product design and a certificate of licensed production from the OEM should also be provided.

Electronic monitoring

Moreover, the CIQs have started the implementation of an "Electronic Control System for Inspection and Quarantine" which allows them to "effectively control the quality information at crucial points such as raw materials, semi- and end-products, producing techniques, out-sourcing and storage as well as packaging".

The system is intended to operate next to the existing control mechanisms and is aimed at saving resources, prevent non-compliances (along the lines of; you know you're being watched so you had better be careful) and controlling the quality awareness of personnel in the factories.

The focus of the system is on companies producing 'sensitive' products (e.g. toys) with a high trade volume. The final aim is to cover all companies but this will take time. Surveillance cameras are located in the factory at critical points in the production process, including incoming materials (e.g. paints), main control points (e.g. metal detection) and outgoing products (e.g. container loading). The system can store images for back-up and training purposes.

Batch testing and final control

With a certain frequency – based on the classification of the manufacturer (see above) – random samples are taken by CIQ officials and sent to the local CIQ testing laboratory, which issues a test report. If the product passes the applicable tests (i.e. EN71/EN62115 for exports to the EU) the products can be exported.

Finally, at the port of shipment an 'origin check' is made to ensure that the products are indeed produced in the correct area, as applying for export in a different area than where the factory is located is not allowed. At this point, controls also take place regarding the availability of the appropriate test report.

All the dedicated CIQ toy labs are accredited according to ISO 17025 by CNAS (China National Accreditation Service) and/or HOKLAS (Hong Kong Laboratory Accreditation Scheme). In order to deal with interpretation issues, the labs;

- Discuss issues with standardisation organisations;
- Exchange information with other labs (CIQ, national, international);
- Discuss issues with CNAS and HOKLAS experts.

They obtain information about regulatory and standardisation developments from:

- The website of European Standards Organisations;
- Accreditation organisations;
- OEMs and Chinese manufacturers;
- EU-CN seminars.

Training

Finally, the CIQs have undertaken a large number of training seminars for industry and provide ongoing technical support to manufacturers, amongst others related to legislative and normative developments.

3.3.6. Testing laboratories and their role as notified bodies

Testing organisations play an important role in the toy industry. While the sector is in most cases not obliged to use third party test laboratories to assess or declare the safety of its products, extensive use is still being made of such organisations to assure toy safety. Next to product testing, these companies increasingly take on a wider quality and safety assurance role such as giving advice on quality management procedures, undertaking factory audits and inspecting products before shipment.

The main actors that make use of 3rd party testing tend to be the bigger retailers and importers that need an independent assessment of the safety aspects of the toys they are buying. Also OEMs use the services of independent laboratories but often only on the behest of a big customer who requires this. Test labs are sometimes also used to provide input into the risk assessment process, for example for areas where the OEM does not have the necessary in-house expertise.

Most toy testing laboratories are accredited against the international standard ISO/IEC 17025 which specifies the general requirements for the competence to carry out tests and/or calibrations, including sampling. Moreover, the accreditation should cover the ability to test toys as opposed to another product. One of the concerns in this area is the quality and consistency of the accreditation process in some countries for ensuring the competence of the laboratories.

In some cases, traders only ask test laboratories for partial testing (e.g. only EN 71 Parts 1 and 2) and it is unknown whether they have means of ensuring that the toy complies with all aspects of the requirements of the Directive that are covered in the relevant European harmonised standards (e.g. EN 71 Parts 3 to 8). The suspicion is that these tests, which although necessary are generally the more expensive part of the testing regime, are not undertaken and the companies rely on the “partial” test report to ship product.

Another reported problem is different test results from different laboratories for the same product, due to different interpretations of the relevant standards. In some cases this has resulted in Member State authorities taking a different approach when assessing compliance with the applicable safety requirements. Similarly, products that might fail testing at a competent notified body may pass tests at a less capable one (or vice versa).

Linked to this is the perceived difference in quality between a test done by the same organisation's test lab in Europe and in China. Most big testing organisations try to ensure consistent interpretations of the same standard, for example through the exchange of information about EU standards developments and internal training. Nevertheless, research shows that communication between two branches of the same laboratory can be difficult, and can result in serious errors with product certification. For this reason, some importers will require testing of prototypes or final products in a European laboratory. They consider that, if there is a problem with the enforcement authorities, a 'local' report and the availability of assistance from a local test organisation will provide better support.

Counterfeiting of test reports was reported as being an issue for the larger, well-known laboratories (e.g. SGS, ITS, BV). They are typically able to trace their reports, so theoretically it should be possible to verify whether a certain report claiming to be from one of these organisations was indeed written by them.

Notified bodies

Under the European Toy Safety Directive, testing organisations are given a specific role in ensuring the safety of toys under the so-called EC type-examination procedure. A toy shall be submitted to this procedure if the manufacturer has not applied the harmonised standards (i.e. standards of which the reference number has been published in the Official Journal) covering all relevant safety requirements, or has applied them only in part, or if such standards do not exist or have been published with a restriction. Estimates suggest that in practice this procedure is applied to less than 5% of all toys placed on the European market.

This EC type-examination can only be carried out by approved or 'notified' bodies, which are often test laboratories with specific toy expertise. The designation of notified bodies, of which there are 73 for toys in the EU, is important as many companies and Member State authorities trust these bodies to assure toy safety, respectively for pre-market testing and for providing testing expertise to assist the public authorities' own post-market enforcement activities, even when they are not employed to carry out the formal task of 'type approval' for which they have been appointed.

A concern in this area seems to be the lack of competence or experience of some of these bodies, exemplified by their absence in the notified bodies' meetings, standardisation work and proficiency testing schemes. This means that they may not be aware of harmonised EC type approval protocols, the latest standardisation developments or interpretation issues, possibly resulting in faulty EC type approval.

Anecdotal evidence also suggests that some of the laboratories on the notified bodies list do not have the required expertise for testing, have not undertaken relevant testing for many years and do not even have the necessary testing equipment. Apparently the procedures governing the listing of notified bodies in some Member States are so

complex that it is difficult for an organisation to be removed from the list even if it does not exist anymore.

3.3.7. Market surveillance and customs authorities

While the Chinese government controls the export of toys, within the EU, monitoring compliance with the applicable legislation and standards is the responsibility of the Member States. National authorities are responsible for enforcing product safety rules, both at the point of entry (i.e. through customs) as well as on the market (i.e. through market surveillance).

With the vast majority of toys being imported into the EU, point-of-entry controls by customs are by far the most effective way of enforcing safety requirements. Therefore, it is very important that market surveillance and customs authorities cooperate closely, so that checks are well-targeted and ideally based on risk analysis. Nevertheless, given the lack of resources, authorities tend to be more reactive than proactive and controls only take place on a very small percentage of all products. Moreover, customs authorities have a wide range of tasks with product safety often having a low priority.

Given the large volume of products on the market, such checks can also not take place continuously but happen on a 'project' basis, i.e. during a certain period, certain products are checked at certain economic operators focused on certain risks. For example, before Christmas all big toy retailers could be visited to check for certain heavy metals in wooden toys.

With respect to the enforcement practice, several companies in the toy sector commented on the lack of expertise with some member States' authorities regarding toy safety and the ability to judge the quality and completeness of test reports. As a result, it seems that many authorities have to rely on the 'pass' or 'fail' judgement from well-known and trusted laboratories. In some countries this means that authorities prefer to see 'local' notified bodies' reports, even though companies are not legally obliged to provide these in cases when conformity can be established by compliance with harmonised European standards.

Moreover, with respect to the notified bodies mentioned above, Member States are also responsible for establishing and carrying out the necessary procedures for the assessment, notification and monitoring of such bodies. The perceived lack of quality at a number of these bodies also reflects negatively on the rigour of the system operated by certain authorities.

Furthermore, in their capacity as members of European standardisation organisations (e.g. CEN), Member States' authorities should play an important role in the development and updating of technical standards, such as EN 71 for toys. In practice however, and often due to lack of resources or conflicting priorities, they are rarely present at working group level where technical discussion take place and are subsequently not aware of important developments. Moreover, this also prevents significant information coming out of the market surveillance practice from being fed into the standardisation process.

It is frequently the case in Member States that a centralised government department participates in communication with the European Commission and standardisation organisations but the daily enforcement and surveillance activities are delegated to a

local level. In some cases the dissemination of information to this level may be limited.

Finally, some authorities also undertake training and give ad-hoc advice to economic operators.

3.3.8. *Consumers*

Although consumers are often not considered as an 'economic operator' in the product supply chain, when it comes to safety issues their position is nonetheless important for two main reasons;

Firstly, it is often consumers that are confronted first with an unsafe product, for instance when a toy falls, breaks and small parts come off or sharp edges occur. The willingness of consumers to inform toy companies and retailers about quality problems or even incidents provides an important feedback mechanism for improving the safety of toys. OEMs can often directly react to such complaints by making design changes to the toy, while retailers can put pressure on manufacturers to improve quality under threat of switching suppliers.

Moreover, OEMs also make use of children (i.e. the final consumers) to play (under controlled conditions) with prototypes thus allowing potential safety issues to be picked up early in the development process.

Secondly, consumers should be aware of the possible risks they run when buying unsafe products, including for example knowledge of how to buy appropriate toys such as with respect to their age grading. Moreover, knowledge on how to act when they find themselves in possession of an unsafe toy is not necessarily widespread amongst consumers. This type of 'education' could result in stronger consumer-driven demand for safe products.

In this context, it is noteworthy to mention that consumers in particular have a poor understanding of the role of CE marking. The CE mark is not intended as a consumer mark but is often perceived as an indication of origin. Another incorrect perception is that CE marked products have been tested and approved by some kind of authority.

Consumers who have an incorrect perception of the CE marking might be misled in their product choice. As a result, they may purchase a product which they wrongfully presume to be manufactured in Europe or tested and approved by an independent third party or authority (for more details about the CE marking see the Impact Assessment undertaken for the New Approach revision¹⁰). It is also quite possible that non-compliant products may incorrectly bear a CE mark, leading to further confusion.

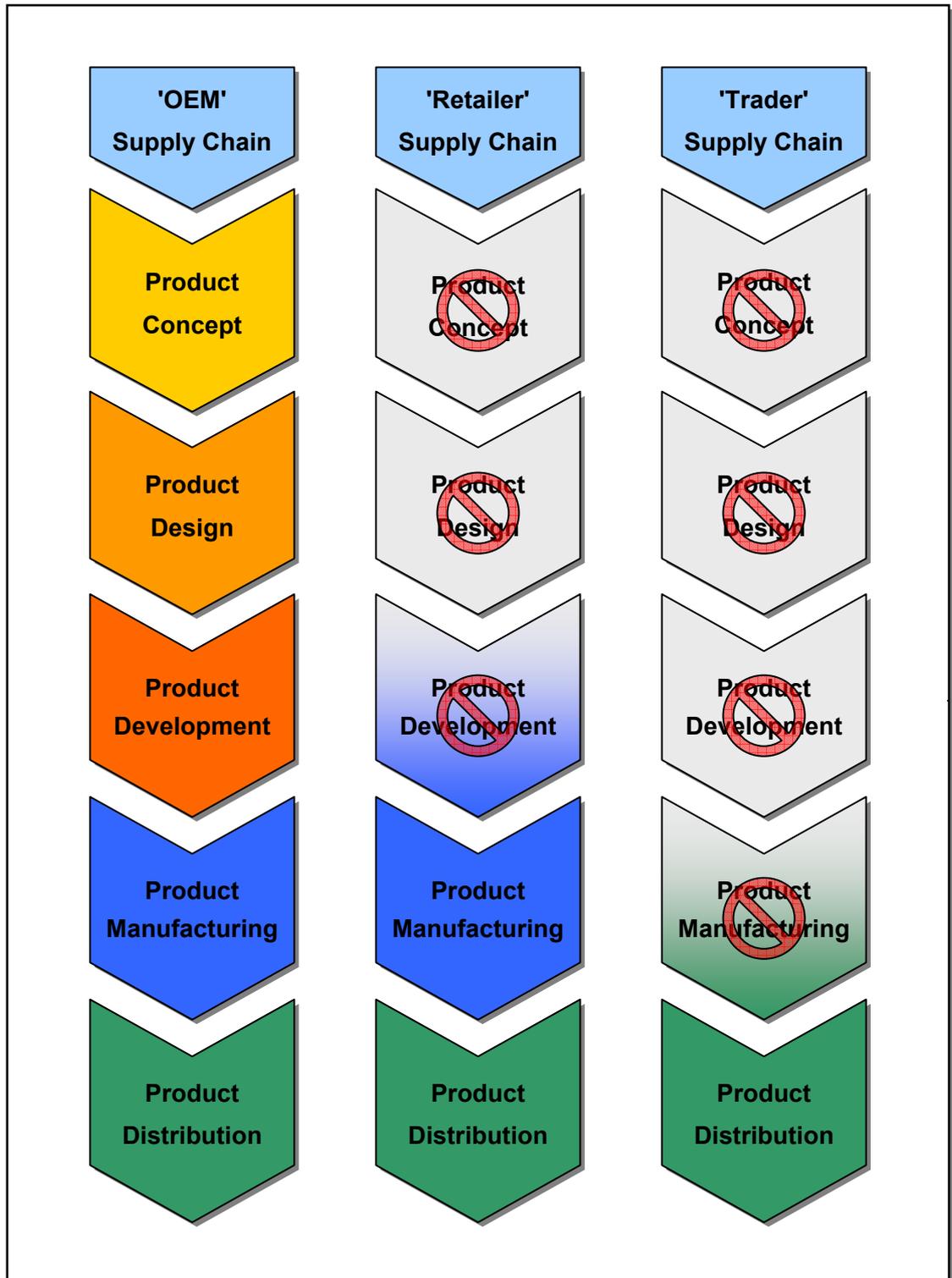
3.4. An overview of key actors, 'routes to market' and safety activities

Based on the above-outlined description of the key actors and the type of safety activities they undertake, the following diagrams present the three main 'routes to market' for toys based on the type of control that key European actors have over their

¹⁰ http://ec.europa.eu/enterprise/regulation/internal_market_package/docs/impact_assessment_sec_2007_0173_en.pdf

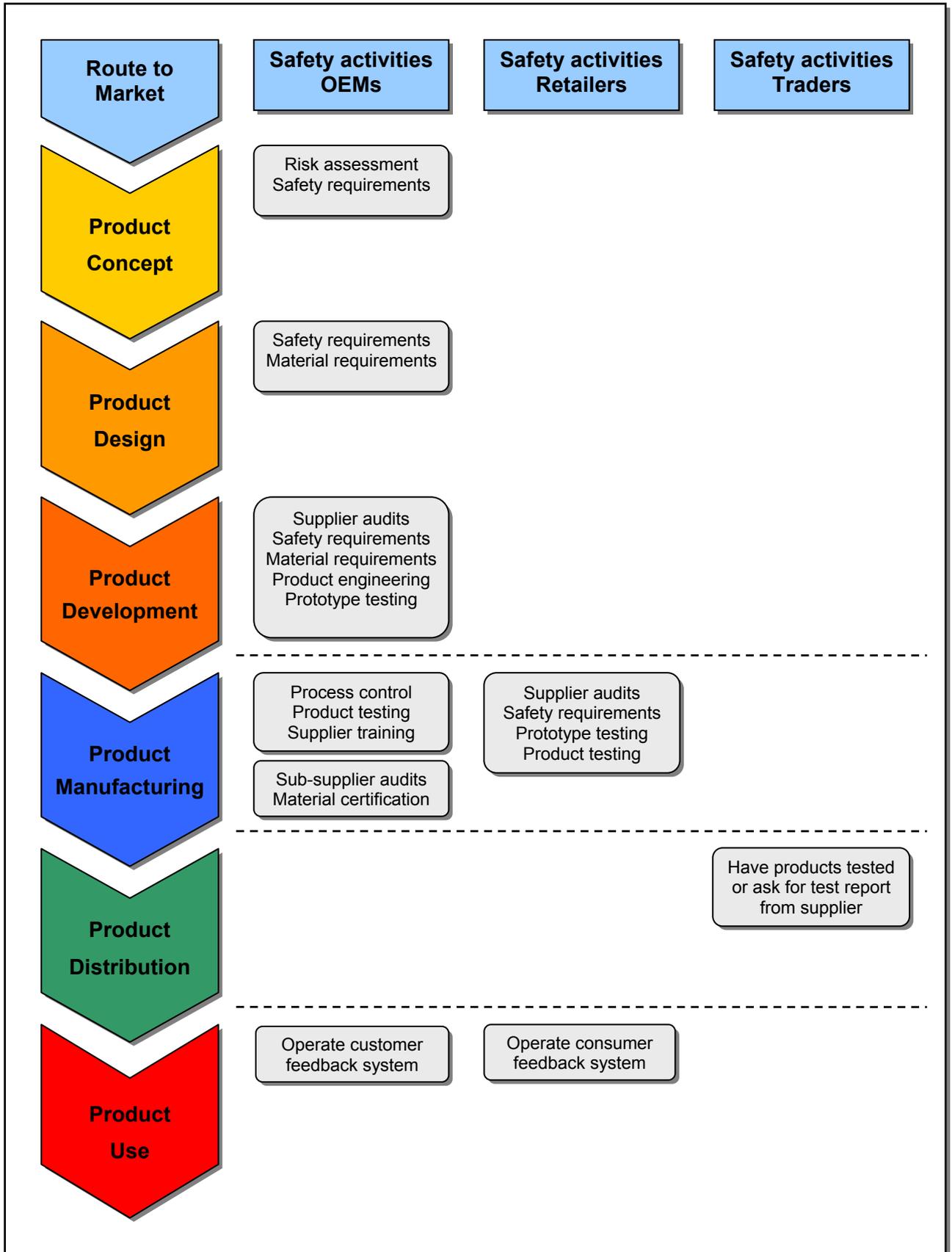
supply chain; i.e. full control over design, manufacturing and distribution; control over manufacturing and distribution; and control only over distribution.

3.4.1. *Supply chain control*

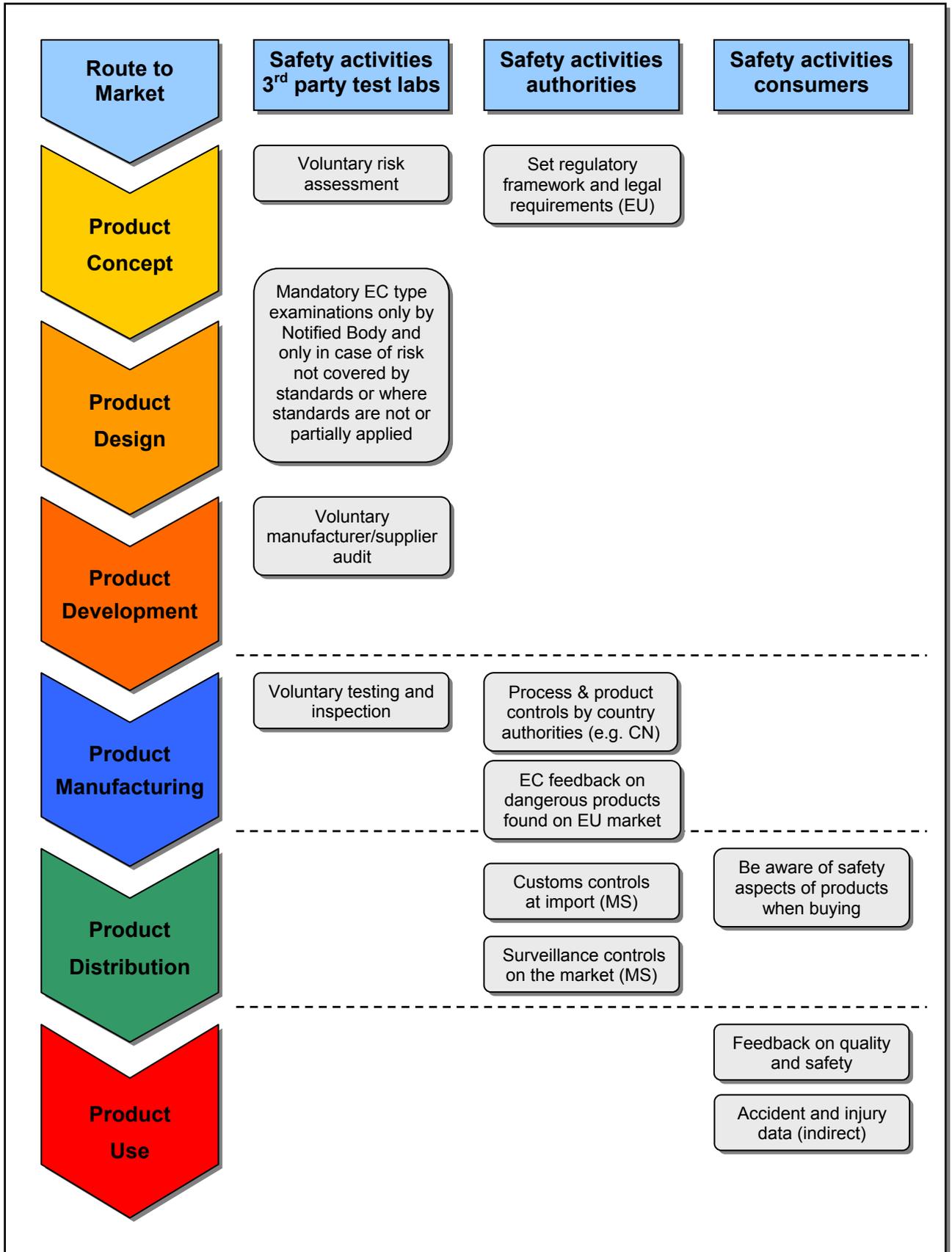


Please note that this diagram is a simplification of reality and that some traders might find themselves better represented by the retail supply chain and vice versa. Moreover, certain retailers may have some influence over product development, just as certain traders will have some sway over manufacturing.

3.4.2. Typical safety activities undertaken by key economic actors



3.4.3. Typical safety activities undertaken by key other actors



3.5. Horizontal issues

Besides the activities undertaken by the various economic operators, there are a number of horizontal issues that have a link with toy safety and which are described briefly in the following sections.

3.5.1. *Counterfeits*

Although typically seen as having mainly an economic impact, counterfeit products can also pose safety problems. Often being cheap copies of well-known brands, fake toys tend to incorporate inferior materials and are manufactured with limited, if any, regard for safety aspects. The toy industry suffers from a significant amount of counterfeiting (estimates suggest up to 10% in volume¹¹) and the successful fight against this phenomenon will also have a positive impact on product safety. Nevertheless, this project has not specifically addressed counterfeit products and the recommendations will not cover possible ways to address this problem.

3.5.2. *Fraudulent behaviour*

During the research for this project, except for anecdotal stories, no concrete evidence of large-scale fraudulent behaviour was found. While it cannot be excluded that such behaviour does indeed exist at a not to be disregarded level, the objective of the project was not to unearth malevolent practices but to focus on the ways in which well-meaning organisations deal with product safety and how eventual weaknesses and gaps could be addressed. Organisations or people that knowingly circumvent the law should be punished as per the applicable legislation in the different jurisdictions and the project has not dealt with this potential problem.

3.5.3. *Technical files*

Pursuant to the Toy Safety Directive, the placing of a toy on the EU market has to be accompanied by a technical file which the manufacturer or importer has to establish for each toy model. The technical file must contain a description of the means whereby the manufacturer ensures conformity with the essential safety requirements laid down in Annex II to the Directive and must be kept available for inspection by the market surveillance authorities by the manufacturer or his authorised representative established in the EU or, in the absence thereof, any person who places the toy on the EU market.

In practice, many actors find it difficult to present complete technical files, which in any case are often limited to the available test report, without information about production and quality control measures, risk assessments or design details. One of the reasons for this problem could be the lack of more detailed requirements for the technical file in the current Directive.

At the same time, some enforcement authorities may find it difficult to properly assess the content of technical files because specific expertise is missing, even though they often ask for them.

¹¹ See also: Counterfeiting & product piracy: A threat to consumers, a threat to jobs. Toy Industries of Europe.

3.5.4. *RAPEX*

RAPEX notifications are used by many economic operators to learn from the risks being found with certain toys. This scrutiny allows them, for example, to identify emerging risk but has also thrown up a number of notifications they consider not to concern a serious risk and hence unjustified.

This would for example be the case with non-conformities related to a missing technical file or CE mark, or minor technical problems, which in themselves do not make a product unsafe.

As non-conformity does not necessarily mean serious risk, there may be a danger that a constant stream of products having minor non-conformities being notified as constituting serious risk would render the system irrelevant.

In addition to the RAPEX notifications there is also a notification obligation under Article 7 of the Toy Safety Directive (the so-called safeguard clause procedure), which requires Member States to notify the Commission if they have taken restrictive measures regarding toys that have been assessed to be likely to jeopardize safety and/or health of persons.

3.5.5. *Standardisation*

Standards play a very important role in the EU framework governing product safety as they elaborate the details of the essential requirements set out in the legislation and are an important tool for the sector to ensure and prove compliance.

However, an important concept of the European framework is that the absence of standards, or the absence of requirements for addressing a specific risk in existing standards (as for example is still the case in the EU for magnets in toys at the moment of writing), cannot be used as an excuse for failing to address potential safety concerns through risk assessment. This concept is often poorly understood by many European importers, and 3rd country manufacturers and authorities.

As a result, compliance with the existing standards is often seen as equal to compliance with the legislation. Consequently, the greatest efforts are concentrated on making sure the product complies with the standards, which can be to the detriment of a proper analysis of possible risks associated with the product.

Another important problem with standards is the different ways in which requirements and test protocols can be interpreted. This difference in interpretation is a problem between European laboratories and is probably even more of an issue with Chinese testing laboratories. While the big testing organisations make a lot of effort to train and inform their Chinese laboratory personnel about the relevant European harmonised standards and their interpretation, the smaller laboratories (e.g. the CIQ's or company in-house labs) may find it more difficult to keep up to date with the latest developments as they are not directly involved in the standardisation process.

Moreover, European requirements are sometimes set in advance of the availability of well-defined standards or test protocols (for example as for certain phthalates), which leads to difficulties in consistent testing and implementation.

This is exacerbated by the fact that different toys have different risks associated with them and are of widely varying construction (e.g. teddy bear compared with electrical train set) which results in the toy standards being rather complex documents.

To address interpretation problems, the CEN Technical Committee responsible for toys (i.e. TC 52) already operates a specific Task Group that has documented its work in a CEN technical report; CEN TR 15371. However, in practice, and given the poor participation of many test laboratories to the standardisation developments, the results may not reach those who need it most.

Coming to one, all-encompassing international standard for toy safety was often mentioned, especially by Chinese stakeholders, as a major step forward as it would reduce the scope for interpretation errors and would simplify the process of ensuring toys are safe.

3.5.6. *Recalls*

Although the project did not specifically focus on recalls and recall management, experience with recalls shows a number of areas of concern, for example with respect to the different approach to cross-border recalls by Member State authorities, the preparedness of companies in the event of a recall and the traceability of affected products in the market.

Indications are that this is at least partly due to the fact that many consumer product companies are focused mainly on compliance with the specific sector Directives and not with the General Product Safety Directive (GPSD), which lays down the general requirements for recalls and withdrawals.

Another issue is possible misunderstanding with market surveillance authorities about the fact that some recalls only cover specific batches of a certain product which means the same product from another batch may be perfectly safe and should remain on the market.

Moreover, both anecdotal evidence, as well as specific research, shows that recalled products continue to be available on the market often via online auctions sites. The following results were obtained through a survey in this area at the end of 2007¹²:

- 30% of online auctions for toy brands that have experienced recalls continue to sell products after they have been recalled for lead paint or loose small parts.
- 83% of auction listings selling recalled toys ship from the United States, more than all other countries combined. The United Kingdom is the second largest at 6%.
- 8% of business-to-business exchange site listings for toy brands that have experienced recalls continue to sell products after they have been recalled. Over one million toys are available on exchange sites on a given day.

The existing corrective actions guide¹³ could be updated to take into account these issues.

¹² MarkMonitor Autumn 2007 Brandjacking Index. Source: <http://www.markmonitor.com/pressreleases/press-071112.php>

3.5.7. *Age grading*

The potential risks of a toy and the test regime to which it must be submitted vary depending on the age of the child for which it is suitable. A correct age grading is therefore an important part of the toy safety process.

In this context, applicable EU guidelines for the classification of toys¹⁴ are less well-known, especially by the smaller manufacturers. This seems to result in a limited understanding of the intrinsic play value, and subsequent age grading, of a given toy. As a result, there is a risk that, for example, some may design and manufacture a toy clearly intended for children under 3 years of age, but have it tested only against the requirements for toys over 3 and mark and sell it accordingly.

At the same time, smaller importers may also not necessarily be aware of the applicable rules and may not be able to give clear guidance to the manufacturer, resulting in confusion and uncertainty over who decides what in this important area.

3.5.8. *Main European and international developments*

The European legislative framework governing toy safety is in the process of being amended. Most importantly, in the beginning of 2008, the European Commission presented a proposal to improve toy safety in Europe, by revising the 20-year old Toy Safety Directive 88/378/EEC. The revision has a threefold objective: first and foremost there will be new and higher safety requirements to cope with recently identified hazards, secondly it will strengthen manufacturers' and importers' responsibility for the marketing of toys and finally it enhances the market surveillance obligations of Member States. Discussions are currently ongoing in the European Parliament and Council with the aim to adopt a revised Directive by the end of 2008.

More generally, in early 2008 political agreement was also reached on a proposal for a broad package of measures to facilitate the functioning of the internal market for goods (also known as the New Legislative Framework for the marketing of products). The package strengthens and modernises the conditions for placing a wide range of industrial products on the Community market.

Finally, awaiting the development of a new standard, Member States and the European Parliament endorsed a Commission proposal requiring magnetic toys to carry a warning label regarding their potential dangers.

Given its importance as trading partner, cooperation between the EU and China at policy level has grown rapidly over the past decade, with bilateral discussions now taking place on a wide variety of topics including product safety. Especially worth mentioning in this context is the exchange of information with AQSIQ about products from Chinese origin notified to the RAPEX system and/or the safeguard clause procedure of the Toy Safety Directive. This exchange allows the CIQs to investigate these cases 'on the ground' and impose corrective measures on 'offending' companies.

¹³ For more information see: http://ec.europa.eu/consumers/cons_safe/action_guide_en.pdf

¹⁴ CEN Report: CR 14379:2002 Classification Of Toys – Guidelines

In August of 2007, the Toy Industry Association (TIA), together with the American National Standards Institute (ANSI), started the development of a programme (the so-called Toy Safety Coordination Initiative (TSCI)) with the aim to enhance the safety of toys brought to the US market. The proposed programme will consist of three major components:

- (1) Manufacturer/Designer hazard analysis or risk assessment documentation;
- (2) Process control assessment; and
- (3) Production testing.

To ensure their credibility, these elements will be verified or audited by providers accredited by appropriate accreditation bodies to accepted international standards. Upon successful completion of the applicable programme requirements, the product or packaging would bear a seal or mark, the issuance of which will be controlled by an accredited certification body¹⁵. It has to be noted that this programme is still under development and has not yet been formally adopted by the industry.

4. CONCLUSIONS

4.1. Analysis

One of the most important conclusions that can be drawn from the research is that product safety cannot be guaranteed only by final product testing, but that it has to be embedded in the entire product development process, including design, vendor auditing, supplier selection, raw material selection, quality management, production controls, feedback of consumer complaints and injury data, etc. Adopting and maintaining a strong quality and safety culture is a critical element in ensuring continuous attention to product safety issues.

Although the Mattel recalls have shown that even the biggest player runs the risk of placing unsafe products on the market, the project has confirmed that the larger, reputable toy companies, through their leverage over the supply chain, are in the best position to guarantee such a 'holistic' approach to product safety.

Reflecting the importance of this embedded approach, the Toy Safety Initiative being under development in the US aims to bring together risk assessments, production control and product testing in one programme with each phase being separately certified by an independent organisation. While potentially being rather burdensome, especially for smaller operators, this may be one way of moving away from product testing as the only and far from perfect way to ensure toy safety. Moreover, given the importance of the American toy market and China as the main manufacturing base for the global toy industry, this development will in any case have an impact on the European toy sector as well.

At the same time it has become clear that the smaller the economic operator (whether on the European or on the Chinese side), the less well-equipped it is to deal with safety issues. This is due, amongst others, to poorer access to relevant information, a lower number of dedicated personnel, weaker quality management systems and supplier control. Since the small and medium-sized traders do not have any control over product development and manufacturing, they will typically struggle to present complete technical files, also because

¹⁵ For more information, see: <http://www.toyassociation.org/AM/PDFs/TSCP.pdf>

risk assessments are usually not undertaken in this 'route to market'. In many cases the Chinese government's export controls, when undertaken, are the only real independent test of the product's safety before being placed on the EU market.

In this context, it is expedient that AQSIQ and the local CIQs have made a significant effort in strengthening the production and product controls concerning toys. In a relatively short period towards the end of 2007 a large number of the export licensed manufacturers (3540) was audited and non-compliant companies were forced to improve their safety control systems. 701 manufacturers lost their export license. The Chinese government has indicated that it will continue this strengthened supervision for the foreseeable future.

Another finding is the fact that many of the Chinese manufacturers heavily rely on their customers (i.e. the European importers) to provide them with the relevant safety requirements. There is a risk that some importers, especially from amongst the smaller players, lack the necessary understanding of safety issues and focus primarily on cost. In fact, with the strengthening of the controls in China and the importance of the buyer in determining safety requirements, their difficulties in addressing product safety seems to have become one of the main gaps in the toy supply chain.

Since the majority of Chinese exports go to US there tends to be a bias towards compliance with the US toy safety standards. This is one of the factors that might explain why the Chinese stakeholders claim that it is difficult for them to fully appreciate the legislative approach in the EU whereby conformity with a certain harmonised safety standard does not necessarily mean the product is in compliance with all applicable safety requirements as set out in the legislation. This situation is further complicated by the use of horizontal Directives to address some toy safety matters.

A related concern is the perceived complexity of the European harmonised toy safety standards (in good part due to the variety and complexity of toys themselves) which, combined with the proliferation of standards that cover toy safety both at international level (ISO) and in other major toy markets, can result in interpretation and compliance problems. Full harmonisation of worldwide toy standards was seen as a very important step towards eliminating confusion regarding compliance and interpretation issues, and also as a means of lowering compliance costs. Even though several aspects of the relevant US and EU standards are already substantially the same, further harmonisation could be considered taking into account the different underlying legislative frameworks.

Regarding enforcement, and besides the frequent observation that there is not enough enforcement of product safety rules in the EU, an additional concern is the perceived lack of expertise regarding toy safety with certain enforcement authorities and the resulting lack of a level playing field in enforcement practice across Europe. Some authorities struggle to understand the details of technical files and test reports, and may not be in a position to analyse or question the information they contain. It seems that to make up for this lack of in-house knowledge several authorities ask economic operators to submit test reports from notified bodies even though this is not a formal requirement of the legislation.

This desire to entrust an independent, expert organisation with giving a final verdict on the safety of a product is more broadly reflected in the fact that test reports from notified bodies are also seen by many importers as a useful way to confirm the safety of the products they buy and place on the market. Overall, it seems that both European importers as well as enforcement authorities are looking for reliable trustworthy information, in particular in situation where they do not have the expertise or resources to obtain such trust firsthand.

The role of testing laboratories is all the more important as many toy companies will also rely on them for risk assessment purposes, sometimes in their role as notified bodies under the EC type approval procedures. In this context it is worrying that anecdotal evidence suggests that some notified bodies may not be up to this job. It also reflects poorly on the process of assigning notified bodies which appears, at least in some Member States, to have serious shortcomings. Moreover, the same notified body might be subject to different requirements from different government authorities responsible for different sectors.

While the revised New Legislative Framework for the marketing of products and the proposed changes to the Toy Safety Directive will both introduce significant improvements to the overall legislative framework for bringing safe toys to market, many of the problems occur at a practical level during the implementation stage and will require more detailed, hands-on solutions.

Finally, experience with recalls has highlighted a number of areas of concern, for example with respect to the different approach to cross-border recalls by Member State authorities, the preparedness of some companies in the event of a recall and the traceability of affected products in the market. This is not restricted to the toy industry but affects other consumer products sectors in the same way.

Although the project focused on the toy sector, several of the findings will be pertinent to other product sectors as well. Most importantly, the conclusion that safety has to be embedded in the entire product development and production process is valid for all other product sectors. Secondly, the fact that the smaller economic operators struggle most to ensure product safety is almost surely applicable to other consumer goods sectors such as electrical appliances, lighting equipment, clothing, child care articles and cosmetics. Moreover, the lack of resources and a pro-active, risk-based approach to market surveillance will also be felt in these areas. Finally, the gaps in the notified body system may also be found in other product sectors where EC type approval is used.

4.2. Recommendations

Based on the desk research and analysis, interviews and fact-finding visits, the following recommendations can be made for each of the main actors in the toy safety chain:

4.2.1. OEMs

- Engage in training of market surveillance and customs authorities, for example regarding technical files including risk assessment and test reports, reliable test organisations, interpretation issues, etc.;
- Engage in training and best practice sharing with other economic operators (and especially smaller traders), for example regarding risk assessments, applicable requirements, supplier auditing, etc.;
- Ensure the traceability of products in the supply chain, for example through better inventory and supplier management, and improved product identification;
- Engage in training of Chinese government and industry representatives regarding the applicable rules (i.e. legislation and standards) in the EU;
- Strengthen the collaboration between international toy associations, for example through sharing best practices, capacity building, etc.;

- Investigate the options for dealing more effectively with obsolete stock to ensure that non-compliant toys can no longer appear on the EU market;
- Ensure that licensees commit to follow all applicable safety requirements, whether for toys or not.

4.2.2. *Retailers*

- Adopt measures to require suppliers to have adequate safety systems in place as a condition of business;
- Engage in training of internal buyers and suppliers regarding the applicable rules in the EU (i.e. legislation and standards);
- Ensure the traceability of products in the supply chain, for example through better inventory and supplier management (e.g. demand demonstration from their suppliers that they can trace batches, products, components and raw material);
- Ensure feedback of safety information received from consumers to suppliers in a consistent and clear way and proactively engage with Member States authorities on safety matters.

4.2.3. *Traders*

- Ensure knowledge of the applicable rules (i.e. legislation, standards and guidance) in the EU, for example via targeted training, Euro Info Centres, trade associations, etc.;
- Ensure that the products placed on the market respect the applicable safety requirements, for example by undertaking independent testing or verifying test reports received;
- Make the presence of basic knowledge about the applicable safety requirements and the availability of a technical file conditions for placing an order;
- Ensure the traceability of products in the supply chain, for example through better inventory and supplier management, and improved product identification;
- Strengthen the representation of traders in the various forums where toy safety is discussed such as standardisation committees, associations, expert groups, etc..

4.2.4. *Manufacturers*

- Ensure awareness of applicable rules in the EU (i.e. legislation, standards and guidelines), for example by participating in training sessions and adhering to a toy association;
- Ensure the existence of a strong quality attitude and management system, and guarantee adherence to relevant procedures, including manufacturing process controls, incoming material checks, testing regimes, supplier auditing, etc.;
- Ensure the traceability of products in the supply chain, for example through better inventory and supplier management, and improved product identification;

- Ensure clear responsibilities are agreed with buyers regarding design and age suitability of a certain toy.

4.2.5. *Chinese enforcement authorities*

- Continue and strengthen where possible the supervision efforts vis-à-vis the Chinese toy industry, especially focusing on the weaker manufacturers;
- Improve the implementation at local level of national toy safety legislation to ensure, as much as possible, a harmonised application of the rules;
- Engage actively in the exchange of officials programme with the EU to ensure government representatives are well-aware of the applicable product safety framework and the specific toy legislation, standards and guidelines;
- Engage, to the extent feasible, in the toy standardisation efforts at EU level, for example by participating as observers in CEN TC52 and the various working groups;
- Strengthen the classification system and improve the knowledge by European toy importers about it so that they may rely on this system when selecting a Chinese manufacturer.

4.2.6. *Testing organisations and notified bodies*

- Improve the coordination of European test laboratories regarding interpretation issues with the applicable toy safety standards and testing requirements;
- Engage in training activities towards relevant stakeholders (e.g. enforcement authorities, traders), specifically regarding their areas of expertise such as the Toy Safety Directive, standards, testing requirements and risk assessment;
- Develop a EU-wide training programme for notified bodies to improve expertise and the quality and harmonisation of procedures to ensure they are qualified to undertake the specific tasks for which they are assigned;
- Develop harmonised criteria for internal signing off of notified body test reports undertaken by their labs in Asia.

4.2.7. *EU enforcement authorities*

- Undertake regular, risk-based surveillance projects focused on toys and target the surveillance activities more effectively towards the identified problem areas in the supply chain (i.e. smaller traders);
- Improve the cooperation between market surveillance and customs authorities so that more effective and efficient controls can take place at point of entry;
- Strengthen the knowledge of surveillance officers dealing with toys, for example regarding applicable legislation, standards, guidance documents, interpretation issues, test organisations, test reports, etc.;

- Improve internal training systems to ensure information and knowledge available at national level arrives at local level;
- Develop national or EU-wide 'centres of excellence' among enforcement authorities to pool expertise regarding toy safety and act as a central point for questions concerning standards, interpretation, surveillance, etc.;
- Improve and harmonise the assignment and monitoring processes of notified bodies among the Member States, based on the relevant provisions of the New Legislative Framework for the marketing of products;
- Improve the participation of notified bodies to the regular meetings, for example by making this a condition for becoming/staying a notified body;
- Undertake regular audits of notified bodies (including of their overseas branches) to ensure necessary expertise and quality is maintained;
- Streamline the procedures for modifying the list of notified bodies to allow for a quicker and more effective response to changes in the status of such bodies;
- Ensure correct and easily-accessible safety information is provided to economic operators (especially the smaller traders), for example through training and workshops (covering relevant legislation, standards, interpretation, etc.), information leaflets, websites, etc..

4.2.8. *Horizontal issues*

- Strengthen the knowledge of the sector about the applicability of the GPSD to toys, in particular as related to recall obligations;
- Develop more detailed guidelines for the content of the technical file and ensure effective dissemination;
- Investigate the options for further harmonisation of toys standards at international level, taking into account the different underlying legislative frameworks;
- Ensure a better exchange of information with Chinese government officials (in particular CIQ test laboratory personnel) and manufacturers about interpretation issues linked to standardisation and testing;
- Make information about European toy standards widely available to the Chinese government and stakeholders, preferably in Chinese;
- Ensure better dissemination of European age grading requirements and guidance among relevant stakeholders, such as European traders and Chinese manufacturers;
- Establish clear guidelines for risk assessment under the GPSD to address concerns regarding RAPEX notifications about the fact that non-conformity does not necessarily mean a product constitutes a serious risk;
- Closely follow the developments in the US regarding the Toy Safety Initiative as this may have a significant impact on the European toy sector;

- Ensure timely transfer of best practices to other emerging manufacturing countries for toys;
- Develop clear, practical guidelines with the involvement of all relevant stakeholders for how consumers should be informed about safety aspects of the toys they buy at point of sale, including through the internet;
- Agree, where possible, on mutually acceptable compliance schemes in order to minimise the burden of duplicate audits and tests for suppliers and manufacturers;
- Improve the available market data on the toy sector to better inform and target policymaking and enforcement activities.

4.3. Next steps

Following the evaluation of the business measures in the toy supply chain, the next step will be to discuss the results and recommendations with all relevant stakeholders and to agree on concrete improvement actions.

To facilitate the process of taking these recommendations forward at European level, a specific multi-stakeholder forum could be established, building on the work of the expert group.

Regarding the cooperation with China, a number of discussion mechanisms already exist, including the ENTR-AQSIQ Toy Working Group, the Roadmap for Safer Toys, the SANCO-AQSIQ Memorandum of Understanding and the RAPEX-China system. The recommendations should be used to provide new impetus to these discussions and to develop further concrete actions to improve toy safety from a Chinese perspective.

4.4. Closing remarks

When it comes to consumer safety, toys are an important product category as they are targeted towards, often young, children with limited ability to recognise the risks of playing with a certain toy themselves. These factors put a special duty on the toy sector to ensure its products are safe.

Nevertheless, the RAPEX notifications show that there are still unsafe toys appearing on the EU market, despite the many efforts undertaken by the various actors in the toy supply chain. Indeed, the evaluation project has highlighted a number of gaps and weaknesses in the system for bringing safe toys (and probably other consumer products) to market that need to be addressed to further improve the situation.

The above-outlined recommendations are a first step in this process and it is now up to all stakeholders to undertake a combined effort to further strengthen the system and to help prevent unsafe toys being placed on the European market in the future.