

Feb 5, 2024

The Honorable Alexander Hoehn-Saric Chair U.S. Consumer Product Safety Commission 4330 East West Highway Bethesda, MD 20814

RE: 16 CFR 1110 Certificates of Compliance

(Docket Number CPSC-2013-0017)

This letter is being submitted in response to the Supplemental Notice of Proposed Rulemaking (SNPR) relating to the rule for Certificates of Compliance, updating 16 CFR 1110. These comments are provided on behalf of The Toy Association and its 900+ members, representing manufacturers, importers, designers, retailers, inventors, and toy safety testing labs, all working to ensure safe and fun play for families. Toy safety is the number one priority for the industry, as evidenced by the fact that the industry and The Toy Association have been global leaders in advancing toy safety for decades.

The Toy Association recognizes the benefit of the process of reviewing existing regulations and updating the requirements as new technologies are enabled. We also recognize that stakeholder input is an integral part of the rulemaking process and appreciate the opportunity to provide these comments for consideration. The Toy Association also appreciates that the technological environment has changed since CPSIA was enacted in 2008 and also since the original Notice of Proposed Rulemaking (NPR) was published in 2013 & 2014, and as such, a number of the concerns raised at that time can be addressed by the information presented in the SNPR as well as by the ongoing activity and learnings related to the eFiling Alpha & Beta Pilot programs that have been carried out in the interim.

As well as topics raised previously that remain at issue or are increasingly of concern, the inclusion of a number of revised elements in the SNPR by CPSC staff has resulted in a number of considerations that result in new and revised areas of stakeholder concern, and The Toy Association appreciates the opportunity to raise the following points for consideration in order to properly and effectively apply the intended revisions to the proposed update to 16 CFR 1110.

Definition of importer

CPSC defines 'Importer' in §1110.3 as "...the importer of record; consignee; or owner, purchaser, or party that has a financial interest in the product or substance being offered for import and effectively caused the product or substance to be imported into the United States. An importer can also be a person holding a valid customs broker's license, pursuant to 19 U.S.C. 1641, when appropriately designated by the owner, purchaser, or consignee of the product or substance. For purposes of testing and certification, CPSC

will not typically consider a consumer purchasing or receiving products for personal use or enjoyment to be an importer."¹

While it is noted in the 'Response to Comments' section under 'Response 2' that the SNPR is proposing to broaden the definition with reference to CBP's own definition², this definition does not adequately stand up to CPSC's stated intention for the inclusion of applicable products that are "...imported as a mail shipment."³ as part of the stated intent to include products that would otherwise be excluded under the *de minimis* threshold⁴.

Although the proposed definition in the SNPR does include an exclusion from consideration for consumer actions that would fall under the scope, since the stated intent for 'mail shipment'⁵ includes products shipped through the United Stated Postal Service (USPS) and by extension, similar channels such as UPS or FedEx⁶, the proposed consideration as-stated only references "...a consumer purchasing or receiving products for personal use or enjoyment..."7, when applied in relation to the proposed language for §1110.13(a)(1) this consideration is silent on a principal cause for consumers to use international mail which is when a consumer purchases, receives or sends (imports) a product for the personal use or enjoyment of another consumer. As such, the proposed language would result in any gift or present, regardless of occasion (e.g., birthday, Christmas or other holiday) being sent by mail shipment from outside the US to require the consumer as the importer to file a Certificate of Compliance in every instance. As all toys are subject to a Children's Product Certification (CPC), this would directly and negatively impact the purchase and importation of toys to the detriment of the consumer's perception of the toy industry since it poses an imposition on the consumer for which they do not have access to or a means of determining the certification information, and disrupts the process for shipment of products, outside of any ability for the toy industry, and members of The Toy Association's, ability to address the issue. Placing such a limitation on the consumer, even if it were followed as proposed, would result in a significant logistical burden on affected manufacturers since they would need to be contacted as the entities supplying the necessary information.

The Toy Association requests that CPSC revises the proposed amendments to 16 CFR 1110 in order to explicitly exclude from scope any noncommercial consumer import of products into the United States, whether or not for *personal* use or enjoyment.

Removal of de minimis thresholds for imported shipments

While The Toy Association supports the CPSC's stated intent to use "...certificate data [to] improve CPSC's ability to target low-value shipments."⁸, the proposal entirely bypasses the current exclusion for *de minimis* shipments (which is also stated to include

¹ Vol. 88 No. 235, 85789, §1110.3 'Importer'

² Vol. 88 No. 235, 85764, refencing <u>19 CFR 101.1</u>

³ Vol. 88 No. 235, 85790, §1110.13(a)(1)

⁴ ld.

⁵ ld.

⁶ Vol. 88 No. 235, 85767, Response 12

⁷ Vol. 88 No. 235, 85789, §1110.3 'Importer'

⁸ Vol. 88 No. 235, 85762, 'C. CPSC's Risk Assessment and Targeting Efforts for Imported Consumer Products'

international mail shipments⁹). This proposal, in addition to the issue raised above with relation to consumer actions, also places a burden on the importation of items by international mail or similar channel. Even with the proposed requirement for importers to upload Certificates of Compliance into the Product Registry prior to shipment, since such international mail shipments may already have arrived in the US by the time the CPSC would be able to review them (via overnight or next-day channels), the additional burden would not result in any meaningful improvement to safety or data-gathering while significantly penalizing those entities who do comply, especially *since there would be no means of determining non-conformance to the certification requirement* when the product is shipped to an individual address through a channel that does not have the means to verify compliance. The financial and logistical burden to USPS or other carriers that are acknowledged <u>not</u> to be the Importer of Record (IoR)¹⁰ in order to address this lack of verification would be orders of magnitude larger than what is already being proposed, as well as requiring entirely new tracking and maintenance systems to be developed and implemented.

The Toy Association requests that CPSC revises the proposed amendments to 16 CFR 1110 to reconsider the as-written inclusion of consumer-based importation of individual or small-shipment numbers via international mail, and to expressly state a lowered *de minimis* level, that allows a more limited small-shipment commercial number than what is currently permitted, without triggering the provisions of the rule.

Replacement parts as finished items

Significant concerns arise from the proposed revisions relating to CPSC's stated position that replacement parts are to be considered as finished products¹¹ and that they be required to be tracked and certified independently of the actual products to which they are intended to supplement. This marks a significant and far-reaching change in the manner by which such items are managed, since they are in effect already covered by the certification for the full finished product and are not currently required to be tracked under their own discrete identification. If a replacement part is produced independently from the parts produced for the full product that has already been certified (and tested as appropriate), then that circumstance would logically be appropriate for a discrete certificate (and testing as appropriate), tracked and managed separately, however this is not a common occurrence.

The proposed change exponentially increases the data management and reporting obligation across all affected industries without improving safety. Replacement parts are often (and appropriately) provided to consumers in an unpackaged and unlabeled state. Since all toys fall under the certification requirement, this change would have a significant impact on the toy industry. The burden becomes exponentially more onerous for manufacturers of complex products (number and variety of replacement parts) as well as for any manufacturer providing such parts to consumers when *they are already covered by existing certification* (accompanied by associated testing as applicable).

⁹ Id.

¹⁰ Vol. 88 No. 235, 85767, Response 12

¹¹ Vol. 88 No. 235, 85789, §1110.3 'Finished Product'

CPSC's proposed definition that includes replacement parts as separate finished items would force manufacturers to either fundamentally revise their product/component management systems if they are not currently tracking replacement parts under their own product identification, or force them to no longer offer replacement parts due to logistical or resource management constraints, with the latter negatively affecting the ability of companies to increase the effective life of products already in the marketplace. This is especially relevant as right-to-repair initiatives are increasingly coming into force, and are likely to exacerbate the additional logistical burden. Providing complete CPC certification for unpackaged replacement parts that are supplied to the consumer (the consumer, in requesting or needing a replacement part already received all applicable packaging and labeling) would add more unnecessary cost burdens on manufacturers and importers since markings and labeling are elements of the test requirements and would be a component of mandatory third-party testing. In addition, forcing manufacturers to provide packaged and labeled replacement parts as if they were a full retail product, as well as forcing production costs on the manufacturer, would undermine any sustainability initiatives by introducing unnecessary and unneeded elements into the waste stream without any evidence that this would improve safety.

The Toy Association requests that CPSC reconsiders the proposed position with respect to replacement parts, and to allow for such items to remain covered by the respective certification for the finished products(s) that already cover such components.

Requiring each importer to submit a separate certification

The proposed revision to 16 CFR 1110 creates a requirement for *each importer* to be required to submit separate certification¹² instead of recognizing that the actual manufacturer of the product can and should be able to be considered to be the entity responsible for providing the certificate (and testing as applicable). As such, this proposal does not recognize the reality of the real-world supply chain, whereby a product can and will be imported by several different importers, without any (relevant) change of variation of the product itself that would result in a change in the conditions for either testing or certification. Much of the retail import volume today is driven by non-manufacturing importers, while bearing the regulatory liability as an importer, rely on the certification and testing supplied by the manufacturers of the product sthemselves and the product manufacturers are ultimately responsible for the product compliance.

In addition, the complexity of the certification process for all parties is greatly increased by forcing requests for redundant information, by mandating multiple instances of duplication of the relevant information and preventing legitimate flexibility within the supply chain. Requiring the importer to assign certificate data on their behalf would impose another level of logistical complexity for each manufacturer (as the holder of the appropriate certification information) with the parameters changing *each time a retailer/shipper/agent assigns a shipment* or partial shipment of product that includes that manufacturer's product(s). Additionally, as presented, the proposed revision would

¹² FR Vol. 88 No. 235, 85789, §1110.7(a)

¹³ "Non-Manufacturing Importers" refers to importers who are importing products manufactured by other companies. This population includes distributors, wholesalers, and retailers.

likely create a Technical Barrier to Trade (TBT) as defined by the World Trade Organization (WTO).

The Toy Association requests that CPSC reconsiders the proposed requirement that each importer is defined as the responsible entity to submit certification information, and to restore the responsibility for the product certification, unless otherwise unavailable, to the product manufacturer or private labeler. In this case, the entity acting as the importer would be able to refer to an existing manufacturer's certification information. Where the manufacturer information is not directly available, an importer who is not the manufacturer would then fall into the position of being the responsible entity to submit a discrete product certification data set.

Risk score management

CPSC's responses to previously submitted comments on the NPR refer several times to a 'RAM algorithm risk score'¹⁴, either for a shipment¹⁵ or for an importer¹⁶. It is unclear from the CPSC's comments how this score is compiled, maintained and notified. This concern is compounded by the concerns relating to the proposed revisions that create a requirement for each importer to be required to submit separate certification, instead of recognizing that the actual manufacturer of the product can and should be able to be considered to be the provider of the certificate (and testing as applicable). It is noted that the CPSC briefing package does not outline the risk scoring system within the main document or the eFiling Beta Pilot Standard Operating Procedure Guide¹⁷. Since all manufacturers and importers are going to be directly affected by the risk scoring system, more information and greater transparency on this risk score framework is needed in order to allow for review, understanding and comment.

Areas of query include the following:

- Is the risk score assigned to the importer or the shipment, both, or a combination of both?
- What are the specific parameters used to determine the risk score(s)?
- What are the ranges for the scoring system?
- Are importers notified of their score?
- What is the basis for notification/nondisclosure?
- Will the risk score be publicly available?
- Will the risk score be notified to the importer being scored (or the importer of the shipment being scored)?
- Will the importer be notified of changes to the risk score (increase/decrease)?
- How often is the score assessed?
- How will non-manufacturing entities such as retailers (as the importer) be able to assess whether they are negatively impacted by outlier information relating to certain specific products within one or more shipments, based on circumstances outside of their direct management?

¹⁴ Vol 88. No. 235, 85763, #3, eFiling Beta Pilot (Current)

¹⁵ Vol 88. No. 235, 85770, Response 31 & 85772, Response 43

¹⁶ Vol 88. No. 235, 85774, Response 54

¹⁷ <u>https://www.cpsc.gov/s3fs-public/Ballot-Package-Draft-SNPR-to-Revise-16-CFR-part-1110-Certificates-of-Compliance.pdf?VersionId=3DjqxMqgXJNQ0yeFRgKzfsRj2GgKenqD</u>

- What means will affected entities have to access and review, challenge, refute or flag potential errors to their (or their shipment's) risk score?
- How will non-manufacturing entities such as retailers (as the importer) be able to identify potential issues and request a review when one or more subsequent shipments, with no relation to the product or products contained within a previous shipment, are or are not being affected by a previously assessed risk score that may have no bearing on the subsequent shipment?

Attestation of veracity

The SNPR retains the proposal from the NPR¹⁸ to add a requirement to provide an attestation certifying compliance, indicating that the information provided by the certifier is true and accurate and that the certified product complies with all applicable rules, bans, standards, or regulations applicable to the product under the CPSA or any other Act enforced by the Commission and to add such attestation to proposed unique Product Registry. This is a redundant and unduly burdensome addition as the Regulations already mandate that altering or falsifying a test report or certificate is a prohibited act under section 19(a)(6) of the CPSA¹⁹, and possibly a criminal act as well. Since there are already penalties associated with false information under CPSA, the only effect the requirement for an attestation would have is to add a (redundant) second actionable offence for the same infraction. As such, the attestation does not, as CPSC opines in the response to comments received from the prior NPR on the same topic, "..help[...] to ensure the responsibility of the certifying party to know what they are certifying on behalf of the firm, and the firm's liability for a false certification."²⁰

The Toy Association requests that CPSC withdraws the proposed inclusion of an attestation to the certificate content from \$1110.11(a)(7).

Certificate content; rules, bans, standards or regulations

The current and proposed revisions to 16 CFR 1110 state that the content of the certificate would be required to state "...each consumer product safety rule under the CPSA, or similar rule, ban, standard, or regulation under any law enforced by the Commission, to which the finished product(s) are being certified. Finished product certificates must identify separately all applicable rules, bans, standards, or regulations."²¹ in alignment with the requirements of CPSIA and CPSA, and no mention is made of requiring information beyond that level of granularity. The Toy Association is aware however that, through the eFiling Beta Pilot, participants have been directed to provide data points listing each individual section of ASTM F963 applicable to each product being certified instead, as well as any application of exemptions to applicability. This is requiring a level of data far beyond what is required by CPSA and 16 CFR 1110, and further complicates the already complex data set for manufacturers to compile in each case, even before the additional considerations listed in this letter are taken into

¹⁸ Vol. 88 No. 235, 85790, §1110.11(c)

¹⁹ <u>15 USC 2068(a)(6)</u>

²⁰ Vol. 88 No. 235, 85769, Response 30

²¹ Vol. 88 No. 235, 85790, §1110.11(2)

account. Additionally, as is listed by CPSC on its website²², not all sections of ASTM F963 are required to have been tested by a CPSC-approved testing facility and certain sections are explicitly exempted from CPSIA²³ or directly reference another mandatory regulation or standard. The Statutory requirements do not require sectional, subsectional or any such reference to affirmative test requirements, exemptions, exclusions or enforcement policies. It also appears that this direction for sectional applicability to be listed is specifically directed to toys subject to ASTM F963, but not to any other rule, standard, ban or regulation.

The SNPR also retains the proposal in §1110.11(c) for certifiers to list all claimed testing exclusions, instead of providing the date and place where the product was tested for compliance. As a matter of law, exemptions and exclusions are self-effective and need not be disclaimed or cited in order to be effective, or to render a certification of compliance meeting the Statutory requirements as deficient or noncompliant. The Statutory requirements do not require any such reference to affirmative test requirements, exemptions, exclusions or enforcement policies. CPSC staff has noted that if no product safety rule or similar rule, ban, standard, or regulation applies, or the product is subject to enforcement discretion, then no certificate would be required. Therefore, it is wholly inappropriate to require any disclaimer for self-operative legal requirements.

The Toy Association requests that CPSC clearly confirms that the data sets for certification will align with CPSA/CPSIA's stated direction that applicable rules, bans, standards, or regulations will be the level of information required for certificates for <u>all</u> such references, in line with the proposed revision to 16 CFR 1110. Separately, The Toy Association requests that CPSC revise 16 CFR 1110.11(c) to remove any reference to testing exclusions needing to be listed, whether or not associated with being an alternative to the inclusion of the date and place of testing on the certification.

Greater clarity on information security

CPSC's response to the issue of data security that was raised by a number of commenters in the previous NPR²⁴, and CPSC's stated revision incorporated into the SNPR to "...not propose to prohibit password protection but rather leaves this issue for resolution between certifiers and their retailers and distributers."²⁵ does not address the concerns raised. Additionally, the following statement in the CPSC's response that "(t)o date, in the absence of a prohibition on password protection, no retailer or distributor has complained to the Commission that they do not have access to certificate data."²⁶ does not relate to issue(s) at hand and does not take into account the fact that access in the proposed system environment has been extremely limited to-date; only a few entities have participated through the eFiling Alpha and Beta Pilots and these programs do not reflect the complex scenarios that will occur when the program is rolled out to all importers and domestic manufacturers. Furthermore, the issue identified by the

- ²⁴ Vol 88. No. 235, 85767, Comment 14
- ²⁵ Vol 88. No. 235, 85767, Response 14

 ²² <u>https://www.cpsc.gov/Business--Manufacturing/Business-Education/Toy-Safety/ASTM-F-963-Chart</u>
²³ Cf. 4.2 Flammability, <u>https://www.cpsc.gov/Business--Manufacturing/Business-Education/Toy-</u>Safety/ASTM-F-963-Chart

²⁶ Id.

commenters "that the lack of password protection would allow fraudulent companies to falsify certificates and competitors to access commercial secrets."²⁷ has not been addressed at all and remains valid, especially in relation to the proposed use and access for the Product Registry.

The Toy Association requests that CPSC addresses the data security concerns raised, and to ensure that the Product Registry and all data systems used in support of the proposed revision to 16 CFR 1110 maintain an appropriate level of data security while allowing for the operational flexibility that will be necessary to allow the proposed system to be accessed by legitimate users.

Doubling of the certificate burden

CPSC's intent for the new Product Registry to accept Comment Separated Value (CSV) and data field entry only (either on an individual basis or through an importation via bulk upload), along with the intent for the Product Registry to only be usable by CPSC, together introduce a compounding of the workload obligations for all manufacturers and importers. Section 14(g)(3) of the CPSA²⁸, requires that the certificates be "…furnished to each distributor or retailer of the product.", and those distributors and retailers are set up to accept the currently applied .PDF format as standard -- (or use semicolon/compound or separate sentences) irrespective of CPSC's intention to apply the statement that "'Upon request, the manufacturer or private labeler […] shall furnish a copy of the certificate to the Commission.²⁹ to be interpreted as a mandatory electronic certificate submission ahead of shipment for *all* products that fall under the scope listed therein³⁰).

As such, in order to meet the proposed revisions in the SNUR, manufacturers and importers will be required to maintain two parallel sets of effectively identical certification data in the simplest foreseen operating scenario. In reality, this will then become even more complicated when the retailers or distributors who fall under the scope of IoR themselves request certification data in a format that can be submitted to the Product Registry in order to meet the requirements as currently proposed. Even if the SNPR is amended as requested in this letter to allow for a product manufacturer's certificate submission to be applied by other IoR entities, this would require that the "...applicable reference identifier (ID) via ACE³¹ in each and every applicable case be provided by the manufacturer to the requesting IoR in order for the retailer or distributor to access it in the Product Registry, resulting in a third discrete set of certificate data, introducing even more logistical and resource costs, imposed on every manufacturer or importer. With CPSC's stated intention to include any products imported via international mail, the population of requesting IoRs expands even further to include consumers and other entities that would have otherwise fall under the existing *de minimis* exemptions, multiplying the costs of compliance and potential degradation on the flow of products in the supply chain even further.

³⁰ 15 USC 2063(g)(4)

²⁷ Vol 88. No. 235, 85767, Comment 14

^{28 15} USC 2063(g)(3)

²⁹ Id.

³¹ Vol. 88 No. 235, 85763, 4. Developing an eFiling System

The Toy Association requests that CPSC review and revise the proposed Product Registry in order to eliminate these duplicative certificate data burdens on manufacturers and importers.

Analysis of costs and burdens

Using CPCs as just one example, CPSC's cost analysis lists the estimated total burden for eFiling CPCs at \$9,791,126 distributed across 224,000 respondents (firms), for 27,540,984 responses (products) with a collective time burden of 290,710 hours.³² Applying CPSC's own numbers, this results in a per-respondent total burden of \$43.70 *per company*, estimating that the eFiling compliance would impose a <u>total</u> of 1.3 hours' work *per respondent* with a time consideration allowance of 36 seconds *per product* certified. Without even taking into consideration the factors raised in this letter, let alone the startup, training & implementation costs associated with an as-yet unfinished certification process, this estimate drastically underestimates the reasonably foreseeable cost burden by several orders of magnitude.

Additionally, the listed values are unlikely to cover any implementation costs associated with revising procedures to conform to the proposed framework, reconfiguring existing .PDF certificates to an acceptable Partner Governmental Agency (PGA) message set format for submission into the Product Registry, training or any set-up of proprietary systems to an Application Programming Interface (API) connection to the Product Registry. Additional considerations include, but are not limited to, systematic changes to the management of replacement parts (as discrete final products), resource allocations for coordination with other entities as the importer, whether as a manufacturer providing the necessary information to other entities in the supply chain who fall under the scope of loR, or for those retailers or distributors who would have to manage the outreach and information collection from the multiple product suppliers or manufacturers for each assembled product shipment.

The Toy Association requests that CPSC, in addition to incorporating the matters raised in this letter, reassess the estimated cost burden for implementation of the eFiling Product Registry, to include an accurate representative set of values that properly reflects the cost to the manufacturers, retailers, distributors and other entities who fall under the scope of 16 CFR 1110 to implement the proposed new requirement. Accurate cost burden information is required prior to implementation of this SNPR.

Implementation timeline

As notified in the SNPR, CPSC is seeking public comment on the proposed effective date of 120 days after publication of a final rule in the Federal Register. Without even taking into account any of the additional considerations and issues raised in this letter, given the extensive changes that the SNPR makes for large and small domestic manufacturers, importers (including foreign manufacturers, retailers, distributors and other parties) and certifiers, as well as implementing the necessary revisions to e-filing formats, developing additional data sets for existing certificates, assigning resources &

³² Vol. 88 No. 235, 85785, B. Total Burden for eFiling CPCs (noting the typo on the # of products cited) and 85786, Table 3

training personnel, identifying & developing the necessary API integration procedures, and upgrading software, the proposed 120-day effective date is wholly inadequate.

The Toy Association requests the CPSC reconsider the proposed 120-day effective date to a window that, once the proposed Product Registry is fully functional, more accurately reflects a reasonable time period for affected parties to review the required changes, develop and implement the necessary changes to their operations and infrastructure, and provide the requested data. Based on information provided to The Toy Association the recommendation is for an effective date not less than 12 months after the date that the final rule is published in the Federal Register. Additionally, since the proposed rule is relying on a system that is still in the process of being developed, it is recommended that a staggered phase-in period be considered once the 12 month period has elapsed, as this would allow for manufacturers and importers to learn and adjust to the new compliance responsibilities once the rule is finalized.

The Toy Association supports the CPSC's continued efforts to promote consumer product safety and appreciates the opportunity to comment on the SNPR. We thank you for your attention to these comments. If further information or clarification on any of the issues raised is needed, please do not hesitate to contact me.

Regards,

Fatholy

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About The Toy Association and the toy industry:

The Toy Association is the North American based trade association; our membership includes more than 900 businesses, from inventors and designers of toys to toy manufacturers and importers, retailers and safety testing labs, and all members are involved in bringing safe, fun toys and games to children. The toy sector is a global industry of more than US \$90 billion worldwide annually, and our members account for more than half of this amount.

Toy safety is the top priority for The Toy Association and its members. Since the 1930s, we have served as leaders in global toy safety efforts; in the 1970s we helped to create the first comprehensive toy safety standard, which was later adopted under the auspices of ASTM International as ASTM F963. The ASTM F963 Toy Safety Standard has been recognized in the United States and internationally as an effective safety standard that has been adopted as a mandatory toy safety standard for all toys sold in the U.S. under CPSIA in 2008. It also serves as a model for other countries looking to protect the health and safety of their citizens with protective standards for children. The Toy Association continues to work with medical experts, government, consumers and industry to provide technical input to ensure that toy safety standards keep pace with innovation and potential emerging issues.

The Toy Association is committed to working with legislators and regulators around the world to reduce barriers to trade and to achieve the international alignment and harmonization of riskbased standards that will provide a high level of confidence that toys from any source can be trusted as safe for use by children. Standards alignment assures open markets between nations to maximize product availability and choice.