

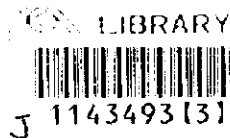
JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

THE SAUDI ARABIAN STANDARDS ORGANIZATION
THE KINGDOM OF SAUDI ARABIA

THE STUDY
ON
THE MASTER PLAN FOR THE DEVELOPMENT
OF
THE SAUDI ARABIAN
STANDARDS ORGANIZATION ACTIVITIES
FOR CONSUMER PROTECTION

FINAL REPORT

MAY 1998



JAPAN ELECTRICAL SAFETY & ENVIRONMENT TECHNOLOGY LABORATORIES
FUJI TECHNOSURVEY COMPANY, LIMITED

TOKYO, JAPAN

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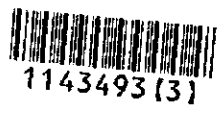
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Preface

In response to a request from the Government of the Kingdom of Saudi Arabia, the Government of Japan decided to conduct a development study on the Master Plan for the Development of the Saudi Arabian Standards Organization Activities for Consumer Protection and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA sent to Saudi Arabia a study team, twice headed by Mr. Kazuyuki TOMIZAWA, Advisor of Japan Electrical Safety & Environment Technology Laboratories and constituted by members of Japan Electrical Safety & Environment Technology Laboratories and Fuji Technosurvey Co., Ltd. between June 1997 and October 1997.

The team held discussions with the officials concerned of the Government of Saudi Arabia, and conducted a field study at the study area. After the team returned to Japan, further studies were made. Then, a mission was sent to Saudi Arabia in order to discuss a draft report and the present report was prepared.

I hope that this report will contribute to the promotion of the consumer protection activities in Saudi Arabia and to the enhancement of the friendly relations between Saudi Arabia and Japan.

I wish to express my sincere appreciation to the officials concerned of the Government of the Kingdom of Saudi Arabia of the Saudi Arabian Standards Organization and other organizations of the Kingdom of Saudi Arabia for their close cooperation extended to the team.

May 1998



Kimio Fujita

President

Japan International Cooperation Agency



May 1998

Mr. Kimio Fujita
President
Japan International Cooperation Agency

Dear Mr. Fujita

Letter of Transmittal

We are pleased to submit to you the report on the Study on the Master Plan for the Development of the Saudi Arabian Standards Organization Activities for Consumer Protection. The report contains the study of the current situation, problems and their causes regarding consumer protection in the Kingdom of Saudi Arabia, the proposals for a comprehensive consumer protection scheme in the Kingdom and a master plan for the Saudi Arabian Standards Organization (SASO) activities for consumer protection.

During the study, we confirmed the importance of consumer protection in the Kingdom of Saudi Arabia, because various consumer products including products with inferior quality and/or fake or misleading indications were distributed in the market and consumers suffered very much from inferior products. In addition, we found that improper installation, use and maintenance of products also caused consumer accidents, damage and losses.

In the report, we proposed a comprehensive consumer protection scheme of the country including strengthening of the legal system, establishment of a consumer support organization, improvement of product safety check system and other important measures. Based on the strengthened consumer protection scheme, we also proposed enhancement of SASO's capability and strengthening of its activities for consumer protection. We believe the report will contribute to development of consumer protection and better consumer life in the country.

We wish to take this opportunity to express our sincere gratitude to your Agency, the Ministry of Foreign Affairs and the Ministry International Trade and Industry for valuable advice and support to the study. We also wish to express our hearty gratitude to staff of SASO and other related ministries and organizations for their close and friendly cooperation with us.

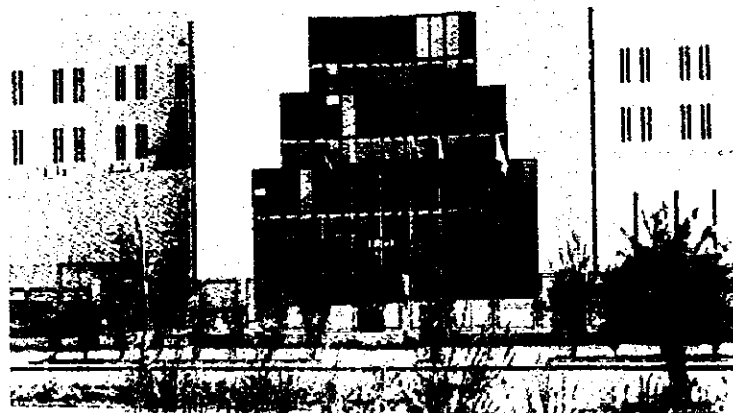
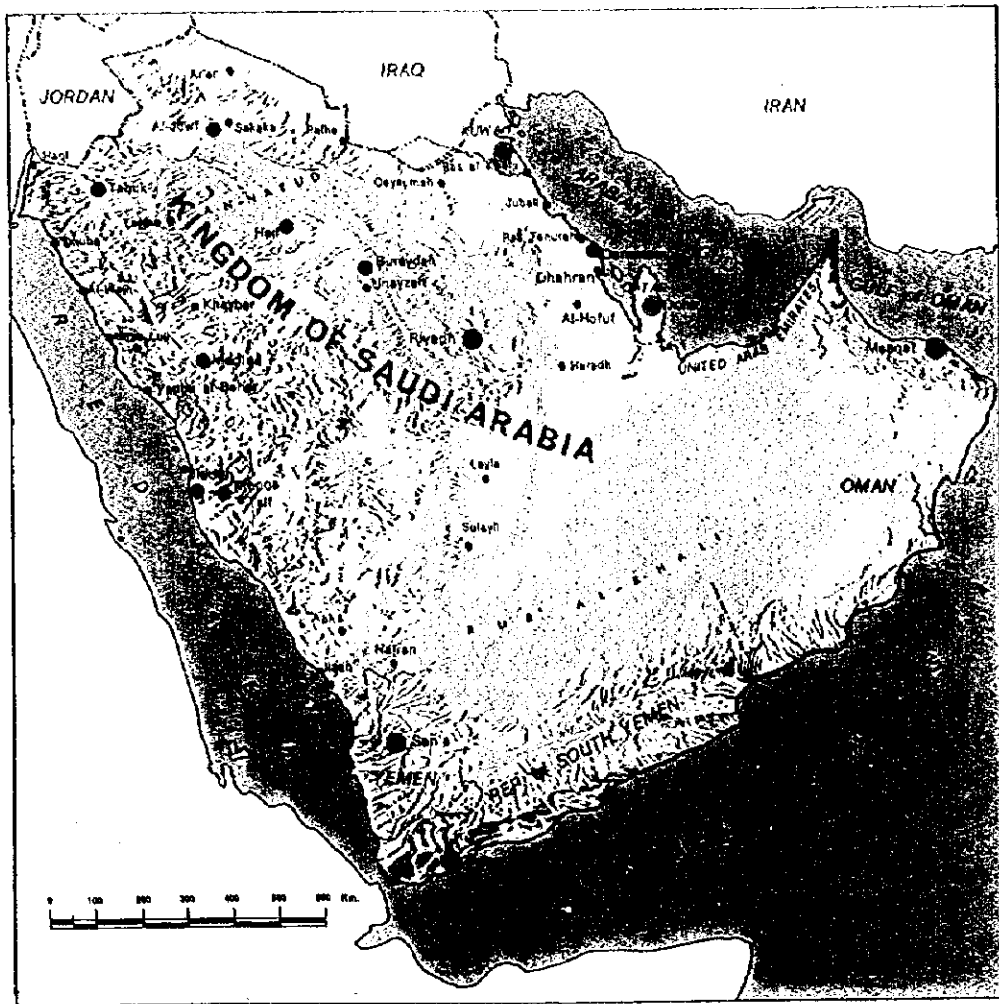
very truly yours



Kazuyuki Tomizawa

Team Leader

Study on the Master Plan for
the Development of SASO
for Consumer Protection



The Headquarters of SASO
(Source : SASO Annual Report 1416/1415H)

Abbreviations

CCI	: The Chamber of Commerce and Industry
CD	: The Civil Defense
C.P. (c.p.)	: Consumer Protection (consumer protection)
CSO	: The Consumer Support Organization
E/E	: Electrical/Electronic, electrical/electronic
GC	: General Committee
GCC	: Gulf Cooperation Council
GSMO	: Gulf Standardization and Metrology Organization for GCC Countries
GOTEVOT	: The General Organization for Technical Education and Vocational Training
ICCP	: International Conformity Certification Program
IECEE	: The IEC System for Conformity Testing to Standards for Safety of Electrical Equipment
JET	: Japan Electrical Safety & Environment Technology Laboratories
JICA	: The Japan International Cooperation Agency
FTS	: Fuji Technosurvey Co., Ltd.
MOAW	: The Ministry of Agriculture and Water
MOC	: The Ministry of Commerce
MOE	: The Ministry of Education
MOH	: The Ministry of Health
MOIE	: The Ministry of Industry and Electricity
MOInf.	: The Ministry of Information
MOInt.	: The Ministry of Interior
MOMRA	: The Ministry of Municipality and Rural Affairs
MOPWH	: The Ministry of Public Works and Housing
Q Mark	: The Quality Mark
SASO	: The Saudi Arabian Standards Organization
SC Mark	: The Standard Conformity Mark
SSA	: Standards of Saudi Arabia
TC	: Technical Committee
The Study	: The Study on the Master Plan for the Development of SASO Activity for Consumer Protection
The Team	: The study team assigned by JICA to conduct the Study
TP	: The Traffic Police



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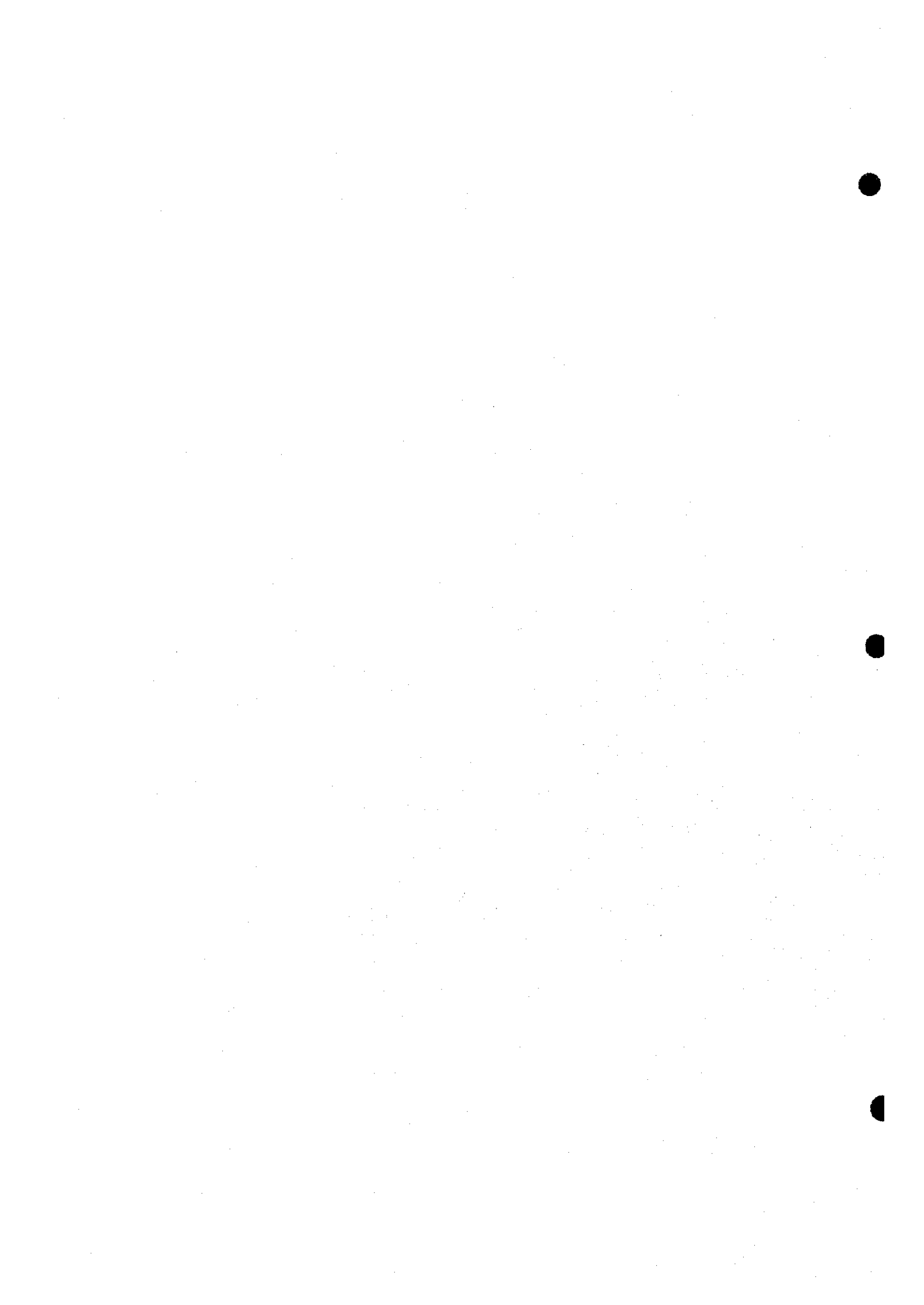
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Executive summary



Executive Summary

The essential points of each chapter of this report are summarized as follows.

Chapter 1. The present situation of consumer protection in Saudi Arabia, its problems and causes

The current situation in laws/regulations/standards, imported/domestic products, distribution, quality control, consumer accidents/losses and related topics are outlined. The problems and their causes regarding to this subject are listed at the end of this chapter.

1) Laws/Regulations/Standards

The Royal Decree M11(Combating commercial fraud law) and mandatory SSA are the basic legal system for consumer protection. However, actual enforcement of the legal system is rather weak. A new consumer oriented legal system and new laws to assure product safety which is not fully covered by SSA are better to be added to the present system and revision of some SSA and establishment of new SSA is deemed necessary.

2) Function of organizations involved in consumer protection

Closer cooperation among governmental organizations is insufficient. There is no consumer support organization representing consumers.

3) Quality control of products

- Import inspection : Insufficient for imports not covered by ICCP system
- Domestic products : Only Q Mark granted products are officially controlled regarding their quality.
- Distribution channel : Product quality control in the distribution channel and in the market is insufficient.
- Quality control of foods : Food and foodstuffs are well controlled regarding their quality.

4) Consumer accidents, injuries, damage and complaints

• Labeling and indication :

There are many electric/electronic and textile products with misleading or fake indication of the brand name, the country of origin and composition. Many textile products with fake indications of fiber composition were found in the market.

• Product information for customers :

SSA specifies attachment of instruction manuals written in Arabic to products but there are many products with manuals in English or without manuals or washing care labeling on garments. Some retailers do not give sufficient product information to their customers.

- **Products not in conformity with SSA :**
There are many products not in conformity with the standards in the market. Especially, electric/electronic products with non-conformable plugs are frequently found in the market.
 - **Wrong use, improper maintenance and improper installation :**
Improper use and maintenance of tires (a lower internal air pressure for high speed driving, etc.) cause many kinds of troubles which lead to traffic accidents. Poor interior wiring, wrong use of dual supply voltages and improper use of flame retardant textile products causes many fire accidents.
- 5) **Causal analysis of consumer accidents/losses and related information system**
Causes of accidents/losses are neither fully analyzed nor used effectively to prevent their recurrence and for better consumer protection. A consumer information system for the country has not been established.

Chapter 2. Objectives of consumer protection strengthening in Saudi Arabia

This chapter describes objectives of consumer protection strengthening in the legal system, task assignment and cooperation among organizations, establishment of a consumer support organization, consumer education, qualification system, consumer information system and quality control of imported/domestic products, market surveillance and roadside inspection of tires.

The total consumer protection scheme are described in Clause 2.1. and measures to improve the situation in consumer protection regarding product groups for the in-depth study (electric/electronic products, tires and textile products) are described in Clause 2.6. in this chapter. The master plan for SASO activities related to consumer protection is described in Chapter 3.

1) Legal system

The following laws/regulation/standards should be established.

- **Consumer Protection Fundamental Act :** Basic law regarding consumer protection.
- **Product safety laws :** Laws ensuring safety of products
(SSA do not ensure safety of products)
- **Indication Law :** The law ensuring labeling for proper information to consumers
- **Specific regulations :** Regulations for better enforcement of the legal system
- **SSA :** Establishment of lacking standards with priority on product safety
Revision of necessary SSA

2) Task assignment and closer cooperation among organizations

The consumer protection council should be organized and define the obligations of the government, enterprises and consumers. Tasks for each organization should be clarified and closer cooperation should be conducted for more effective

consumer protection activities.

3) Establishment of the Consumer Support Organization (CSO)

SASO should establish and assist the consumer support organization in Saudi Arabia. The organization should be semi-governmental and represent solely consumers. SASO, a technical agency with wide channels open to various ministries and other countries, is a suitable body to develop consumer protection activities in CSO.

4) Enhancement of consumer education

Consumer education should be strengthened through the use of school, vocational and adult education using various types of media. Wise consumers are the very base of better consumer life.

5) Enhancement of quality control

Quality control should be enhanced in the following fields:

- **Import inspection** : Strict quality control for products not covered by ICCP especially in standard conformity, labeling and fiber composition of textile products
- **Domestic products** : Development of a mandatory quality control system, SC Mark system, for products equivalent to those specified in ICCP
- **Distribution channel** : Imposing strict obligations on importers/distributors
Strengthening of market surveillance and sample tests associated with the surveillance
- **Interior wiring** : Development of a system ensuring good interior wiring in which the relevant laws, wiring standards and wiring worker qualification system are included
- **Roadside inspections** : Development of a system for roadside inspections for tires in order to secure proper tire usage and maintenance and education of the drivers

Chapter 3. The master plan for SASO activities for consumer protection

SASO should enhance its organizational activities and capabilities and use its technical expertise for consumer protection more actively.

1) Organizational and capability development

- **Strengthening management** : Introduction of relevant ISO/IEC guides
- **Strengthening coordination** : Establishment of Consumer Protection Coordination Dept. for better coordination work from the inside as well as from the outside of SASO
- **Human resources development** : Training managers and engineers through career development plans
- **Laboratory** : Addition of testing equipment and testing engineers

Development of testing skills

Proposed expenditure for equipment : Approx. \$2 million

Proposed addition of personnel : 15 persons

Note : The expenditure and addition of personnel are estimated for electric /electronic products, tires and textile products.

2) Enhancement and Expansion of activities

- **Standards** : Establishment of necessary standards with priority given to product safety
Quick reflection on modern technology, international standards and consumer accidents and loss information
- **Accreditation** : Establishment of SC Mark system
/Certification Promotion of ISO9000/14000
/Registration Promotion of Q Mark system
Use of external labs.
Participation in IECEE-CB Scheme
- **Test/Inspection** : Analysis of causes of accidents and consumer complaints
Standard conformity tests for domestic products
Sample tests associated with market surveillance
- **Consumer education** : More effective consumer education through available media and the magazine "The Consumer"
- **Consumer Support Organization** : Establishment of and support for CSO

Chapter 4. Four important and essential objectives to improve consumer protection in Saudi Arabia and a comprehensive action plan to realize them

In this chapter, how the proposed measures described in Chapter 2 and 3 can realize the following four objectives is described.

- Providing consumers with sufficient and correct information about products which they buy
- Providing consumers with safe and reliable products
- Reducing fire accidents caused by electricity and flammable textile products
- Reducing traffic accidents caused by tires

Chapter 5. Recommendation

The recommendation for SASO to realize the master plan is described in this chapter. The outline of the recommendations are as follows :

- Closer relationship and active cooperation between SASO and other ministries and bodies
- Preparation of necessary SSA by establishment or revisions
- Establishment of SC Mark system and a certificate verification system for imports
- More advanced laboratory management
- Increase in the circulation of "The Consumer"

Chapter 1.

The present situation of consumer protection in Saudi Arabia, its problems and causes



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Chapter 1. The present situation of consumer protection in Saudi Arabia, its problems and causes

In the Kingdom of Saudi Arabia, because of its specific natural, economic and social environment, the consumer protection issue has special importance (refer to Clause 1.1.).

Consumer protection in Saudi Arabia is based on a legal system including the Royal Decree M10, M11 and related laws/regulations (refer to Clause 1.2.).

Consumer protection activities are conducted by related ministries and organizations including SASO through mandatory standards, products inspection, certification, registration, accreditation and licensing systems (refer to Clause 1.3., 1.4., 1.5., 1.6., 1.7.).

Consumer products are mostly imported from abroad and partially supplied by growing domestic manufacturing industries. They are sold in the market through various distribution channels (refer to Clause 1.8., 1.9.).

The Team and SASO had difficulties in getting actual information about consumer injuries, damage and complaints among the product groups for the in-depth study as there is no such a database in Saudi Arabia. The Team collected necessary information through the Civil Defense about fire accidents due to electricity, through the Traffic Police about traffic accidents due to tires, through MOC, through visiting survey of the market, test for samples purchased in the market and questionnaires sent to the SASO staff (refer to Clause 1.10.).

The rapid civilization of Saudi Arabia has been developed recently and various new and advanced products are imported from various countries. Therefore consumer education is essential for better consumer life (refer to Clause 1.11.).

The problems in consumer protection and their causes described in Chapter 1 are summarized in Clause 1.12.

1.1. General description of Saudi Arabia from the view point of consumer issues

The Kingdom of Saudi Arabia occupies about 80% of the Arabian peninsula. Saudi Arabia has 2,150,000 km² of land, about 5.7 times larger than that of Japan. Most of the land is very dry and arid, the temperature in the summer time reaches 50°C sometimes. This dry weather increase materials flammability and strong sunlight without clouds and high temperature deteriorates some substances such as plastics and rubber products (Source : Statistical Year Book 1995, etc).

Saudi Arabia has a total population of about 17 million, and about 4 million of the total

population are expatriate workers (including technical workers). The population of Saudi Arabia is increasing and the Saudi Arabian government has been putting special emphasis on education and vocational training in order to replace the expatriates with trained Saudi Arabians. For example, an illiteracy rate of 60% in 1986 has rapidly dropped to 20% in 1996. In addition to the general education system, technical education and higher education system has been growing (Source : Statistical Year Book 1995, Arab News).

GDP in 1992 is about 455 billion S.A.R. and crude oil, natural gas and petroleum refining sector makes up about 37% of this amount. Governmental service occupies about 25% and private sector occupies about 38% respectively. The estimated governmental expenditure in 1995 and 1996 was about 150 billion S.A.R. and about 33% of this amount was for the national guard and about 18% was for human resources development. The large amount of this expenditure for human resources development shows that Saudi Arabian government sets special importance on education. Total exports in 1994 were about 160 billion S.A.R. in which petroleum and petrochemical products occupied 96.8% of that amount. Export of products other than petroleum and related products should be increased. On the other hand, total imports amount to about 87 billion S.A.R. The surplus was about 72 billion S.A.R. (Source : ARC Report 'Saudi Arabia' 1997).

As most of the consumer products are imported from various countries, the Saudi Arabian consumers should have enough knowledge about consumer products to choose the proper product that they want from various kinds of products in the market.

Note : ARC Report is published annually from World Economic Information Services (WEIS) of Japan

1.2. The legal system related to consumer protection

Saudi constitution is Islamic law, Shari'a, which is derived from the Holy Qoran. Commercial and business dealings are governed by this constitution. Therefore, the legal system is different from that of other countries.

1.2.1. Current legal system

Comparison of legal system for consumer protection

No individual laws exist in Saudi Arabia specified for each purpose such as the assurance of product safety, proper indication, or the assurance of a fair competitive market, and Royal Decree No. M/11 (The Law for Combating Commercial Fraud) is prescribed instead and supposed to cover all items regarding consumer protection.

A suitable legal system is essential for activating the consumer protection system. Especially, it is important to assure product safety, proper indication, and fair trading.

Table 1.2.1-1 shows the comparison of the legal system for consumer protection between Saudi Arabia and other countries.

Table 1.2.1-1 A comparison of the legal system for C.P. between Saudi Arabia and other countries

Item	U. K.	Germany	U. S. A.	Japan	Saudi Arabia
Assurance of product safety	Consumer Protection Act	Equipment Safety Law	Consumer Product Safety Act	Consumer Product Safety Act Electrical Appliance and Material Control Law	Royal Decree No. M/11 (Law for Combating Commercial Fraud) and SSA
Proper indication	Trade Description Act	Price Tag Law	※ Federal Trade Commission Act	Household Goods Quality Labeling Law	
Assurance of fair competitive market	Fair Trading Act	Dishonest Competition Prohibition Law		Act against Unjustifiable Premiums and Misleading Representations	

※: In each state of the U. S., the law to prohibit false and misleading indication is established.

As shown in the table, many countries have their own laws for each purpose to keep product safety, proper indication and a competitive market. Regulations, specifications and standards are established based on these laws.

Saudi Arabian legal system for consumer protection

1) Royal Decree No.M/11 (dated 22.5. 1404 H) (The Law for Combating Commercial Fraud)

Royal Decree No. M/11 is the law to place a ban on unfair trading. It is outlined as follows,

- a) Any one who has deceived or commenced to deceive, or had adulterated or commenced to adulterate, in any way, the following matters:
 - the identity, nature, kind, type, elements or essential qualities of commodity;
 - the origin of the commodity;
 - the weight, measurement, dimensions, number, capacity, gauge finess, standards of the commodity or by the use of wages or means which tend to render such factors incorrect;
 - describing, advertising or displaying the commodity in a manner involving false or deceptive statements;shall be punished.

- b) Any person who:-
 - has adulterated or commenced to adulterate the requisites for any human or animal foodstuffs;
 - has sold, offered for sale, or possessed any human or animal foodstuffs which are adulterated in terms of requisites or are spoilt;shall be punished.

- c) A commodity non-conformant to the "Prescribed Specifications" shall be deemed to be adulterated or spoilt.

- d) A commodity shall be deemed spoilt where the period of serviceability has expired or the date of expiry marked thereon has run out.

- e) Any person who has imported an adulterated, spoilt or unserviceable commodity shall be ordered to re-export such commodity.

- f) The factory or supplier of any adulterated, spoilt or unserviceable commodity shall be ordered to withdraw it from circulation.

It specifies that every product not-conformant to the "Prescribed Specifications" should be regarded as an offense against fair trading. The "Prescribed Specification" is explained in "Implementing Regulations to the Law for Combating Commercial Fraud" of Royal Decree No. M/11 and specified as follows.

The "Prescribed Specifications" in the Article 3 of the Law for Combating Commercial Fraud shall mean:

- ① - the Specifications issued by the Saudi Arabian Body for Specifications and Measurements or by other local or foreign parties and approved by the said Body;
- ② -the Specifications issued by Saudi administrative authorities if their bylaws authorize them to issue specifications or conditions.

"The Saudi Arabian Body for Specifications and Measurement " of the above ① means SASO founded based on Royal Decree No. M/10.

Therefore, all products are required to meet the standards determined by SASO or the overseas standards approved by SASO and the products not conforming to the said standards are treated as unfit for marketing, and any act to produce, import or distribute such products is subjected to prosecution as a breach of the Royal Decree No. M/11.

Also, based on the above item ②, Saudi administrative authorities can establish necessary regulations. Therefore, the Ministry of Municipality and Rural Affairs, the Ministry of Agriculture and Water, the Ministry of Health, etc. decide regulations in regard to food, agricultural products and medicine separately and enforce the respective Saudi standards by not allowing the production, import or distribution of the products not meeting the regulations and standards.

2) Royal Decree No.M/10 (dated 3.3. 1392 H.) (Constitution of Saudi Arabian Standards Organization)

Royal Decree No. M/10 is outlined as follows:

- a) Royal Decree No. M/10 is a law for founding of SASO as the sole organization in Saudi Arabia. SASO's function is responsible for the formulation and approval of national standards for all commodities and products, together with standards on metrology, marking and identification of commodities and products, method of sampling, inspection and testing. SASO publishes the standards as SSA.
- b) The Organization institutes the rules of granting quality marks and certifications of conformity to SSA.
- c) The Organization participates in the Arab, Regional and International Organizations of Standardization. The Organization represents the Kingdom in the conferences and meetings of these organizations.
- d) The Organization is an autonomous agency, operating under the supervision of MOC. It is financially independent.

SASO determines the specifications of the industrial products and consumer goods to be produced and distributed and specifies the standards to decide the acceptance or rejection of products.

3) Royal Decree No. M/29 (dated 13.9. 1383 H.)

This law specifies that the metric system shall be applied all over the Kingdom of Saudi Arabia. General measurements include units of length, weight, volume and area. It includes some legal requirements and punishments for violating this law.

1.2.2. Problems in the current legal system

In the light of the legal system in Saudi Arabia, problems and causes of laws for consumer protection are summarized as follows.

1) Lack of Consumer Protection Fundamental Act

There is no essential law in Saudi Arabia which specifies what role government, enterprises and consumers shall take in achieving consumer protection as in Japan, whose "Consumer Protection Fundamental Act" specifies the role of the government, manufacturers, and the consumer.

In Saudi Arabia, the consumers do not try to protect themselves, and a lot of accidents are caused by wrong use of commodities on the part of the consumer. For example, many drivers are careless about their tires. In a place as hot as Saudi Arabia, tires must be strong and tough enough to withstand the hot roads. However, they drive even if the pressure of their tires are low. The low pressure of the tires usually results in an accident. Strictly speaking, the accidents are due to the carelessness of the drivers.

This lack of consciousness applies not only to the drivers but to the consumer in general. The problem is that the consumer is apt to neglect safety in Saudi Arabia. The accidents apparently show that the consumers also have their own duty to protect themselves by properly using products even if the safety of the products largely depends on the manufacturer.

If there were a law which specifies the role of the consumer, it would urge the consumer to observe the existing laws and pay more attention to their own protection. In addition, the accidents would decrease to a very large extent.

2) Lack of comprehensive plan for consumer protection

Consumer protection activities are conducted by the concerned ministries and agencies respectively, but there is no comprehensive plan for consumer protection in Saudi Arabia, and more cooperation is needed among the ministries and agencies. This is because the Royal Decree No. M/10 and 11 do not stipulate that the concerned parties should cooperate. A comprehensive plan for consumer protection and cooperation among the concerned ministries is indispensable for consumer protection.

Followings are the representative bodies to formulate a comprehensive plan in each country and its activities.

Britain: National Consumer Council

This council is subsidized by its government. Its chairperson and members are appointed by the Minister of Department of Trade and Industry.

It discusses, takes measures and adjusts the consumer problems nationwide.

Germany: Inter-Ministry Joint Committee for Consumer Affairs

It makes a policy and takes its measures for consumer protection by exchanging information among its ministries.

United States: Federal Consumer Affairs Council

This council consists of divisions dealing with consumer issues. It advises the president on consumer issues and makes adjustments regarding the federal government .

Japan: Consumer Protection Council

This council is established according to the Consumer Protection Fundamental Act.

It comprises with the prime minister as the chairperson and the directors of governmental body concerned as members. It is the sole decision-making body to plan and conduct activities for promoting consumer protection.

A body like the Consumer Protection Council is effective in taking care of nationwide problems. Such a body enable ministries to cooperate and exchange the information about the status of consumer protection. However, such a body is not established yet in Saudi Arabia.

3) Lack of product safety law

No laws exist for product safety in Saudi Arabia, because it is considered to be covered by the law for combating commercial fraud. As mentioned above, the legal system to protect consumers is constituted basically to the Royal Decree No.M/10 and 11. The safety matter, about which the consumers are most concerned, is treated as a fraudulent matter in the commercial transaction just as like the fraudulent representation of the products being sold.

The consumer protection activities in Saudi Arabia were commenced with the aim of distributing safe products because so many imported products are coming into the market. In other words, the products without appropriate safety assurance, quality satisfaction, composition labeling and country of origin indication were forced to be treated under the uniform criteria of fraudulent transactions.

The following cases shows that only M/11 and SSA are not sufficient enough to assure product safety on the part of the consumers.

- Without SSA or the like which SASO admits, product safety cannot be assured. For example, there are a lot of accidents caused by electric configuration adapters. However, the standard which controls these adapters is not prescribed yet and accidents cannot be prevented.
- Royal Decree M/11 and SSA are not sufficient enough to ban unsafe products. For example, used tires are not stable in quality. It involves some risk to buy and use them. To avoid such a risk, prohibition of selling used tires is necessary. However, considering the current legal system, prescribing such a specification is difficult.
- Since manufacturers, importers, and retailers do not have the duty to prove the safety of their products on the market, and an offender cannot be indicted even if an unsafe product is found. So market survey becomes meaningless. To reveal the offense, the product should be tested and identified to be unsafe by a surveyor. Such a way of identification takes a lot of time and money. Therefore, it is not a practical method.
- Even a product complying with SSA causes an accident, the responsibility for the fraud can not be placed on either manufacturer or importer.

Table 1.2.2-1 shows the problems in the current legal system in Saudi Arabia comparing Royal Decree No.M/11 with Product Safety Law, which is a typical law in EU countries. This table shows that Royal Decree No. M/11 and SSA are not sufficient enough to protect the consumer against dangers caused by defective products.

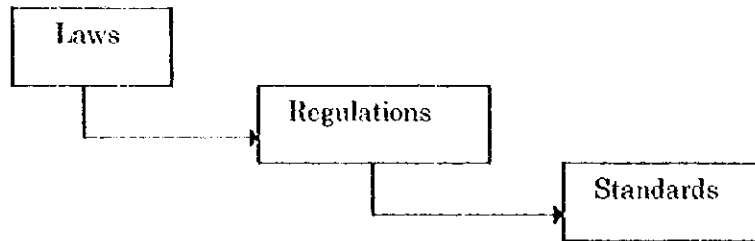
Table 1.2.2.-1. A comparison between "Royal Decree No. M/11" and "Product Safety Law" under an actual condition

Item	Royal Decree No.M/11	Product Safety Law
Safety requirement	× There is no safety requirement. Royal Decree No.M/11 depends on SSA.	✓ The law requires all the products to comply with essential safety requirements.
Judgement of product safety, when there are no safety standards	× The judgement cannot be done without safety standards.	✓ The judgement can be done by the essential safety requirements, even if there are no safety standards.
The duty for enterprises to certify product safety	× The duty to certify is not imposed on manufacturers or distributors.	✓ The duty to certify is imposed on both manufacturers and distributors.
Market surveillance for products without standards	× It is impossible to judge without standards whether the products are safe or not.	✓ It is possible to judge by asking for the certificate of compliance with essential safety requirements and to conduct market surveillance.
Prosecution of manufacturers or importers when their products have caused accidents.	× When the products comply with standards, it is impossible to prosecute manufacturers or importers for manufacturing or importing as fraud.	✓ Even when the products comply with standards, it is possible to prosecute manufacturers or importers for manufacturing or importing unsafe products, because the products do not comply with the essential safety requirements.

Remark ×: means "not covered"
 ✓: means "covered"

Therefore, the safety of consumer product is not controlled sufficiently in Saudi Arabia, because of a lacking in the product safety law. However, the exceptional case is food and agricultural products for which the specific regulations are enacted by the relevant ministries and agencies and the consumer protection seems to be achieved satisfactorily compared with products of other areas.

In general, the legal system is comprised of laws, regulations, and standards.



- **Laws:** Laws should specify the requirements, rights, duties and punishment of concerned parties to satisfy the requirements.
- **Regulations:** Regulations should specify the details and procedures.
- **Standards:** Standards should specify the technical requirements.

The standards are only technical specifications and testing methods, and are not suitable to define the obligations to be fulfilled by manufacturers, importers, distributors, consumers and other related parties and to define the contents for controlling. The obligations should be stipulated in laws or regulations.

At present, the legal system in Saudi Arabia adopts the Law for Combating Commercial Fraud and SSA for product safety. Therefore, as to product safety, details for fulfilling each responsibility of the manufacturers, importers, traders, and other related consumers are not specified. This leads to difficulties in cracking down on offenses. The regulated products are on a standard basis, therefore, inapplicable products to standards are out of regulation. Products with standards to be applied to are controlled by the standards, and products without standards to be applied to are not controlled.

4) Other legal problems

In addition to Consumer Protection Fundamental Act and Product Safety Law, the following laws for specific field are still lacking.

a) Lack of interior wiring law

No interior wiring law exist, and fires related to electricity, especially regarding interior wiring are frequent as described in Clause 1.10. Though "Qualification Regulation for Electrical and Mechanical Works" was established in 1976, it has not been enforced well.

Generally the interior wiring work should be conducted by qualified workers having a certain level of technique and knowledge for ensuring safety. But in Saudi Arabia qualification system for interior wiring works does not function well, and the work is generally carried out according to the contract between the owner and contractor. The owner who has little knowledge of the wiring work sometimes requires the use of smaller size wires than the required size wires to keep the cost low. Therefore, many cases exist in which smaller size wires become overloaded and cause fires.

b) Lack of indication law

There is no indication law in Saudi Arabia, because Royal Decree No. M/11 and SSA are considered to be sufficient enough. Products without SSA to be applicable are not under control. For example, garments are not controlled, because there is no SSA for garments. No manufacturer nor importer has the responsibility to give the consumers necessary information and precautions concerning their fiber composition of their garments. The consumer protection system cannot be properly carried out.

Proper indication is essential for consumer protection. These indications convey various important information such as country of origin, rating, size, weight, performance and contents to consumers in selecting products. As shown in *Table 1.2.1-1*, the other countries establish the law for indications.

c) Lack of several laws for each product category

- ① As for tires, there is no law or regulation to oblige the consumer to use and maintain tires properly for the sake of traffic safety and to specify the punishment for the offense.
- ② As for textile products, standards for flame retardant tents are reviewed due to the fire accidents in Mecca. However, the Civil Defense Law does not specify the inflammability of the carpets, curtains nor places where they are used. In addition, in Saudi Arabia, there is no regulation for harmful substances used in textiles, while it is carried out in other countries. At present, although related textile accidents caused by harmful substances have not been found yet, it could possibly happen sooner or later.

1.3. Function of organizations involved in the consumer protection

The Saudi Arabian organizations involved in the consumer protection administration have the assigned respective functions as described below.

1.3.1. Ministry of Commerce, Ministry of Municipality & Rural Affairs

1) Ministry of Commerce (MOC)

MOC plays a central role in the consumer protection administration for almost all the consumer products, and administers the registration system of stores, controls unfair trade and acts as the channel for the acceptance of consumer complaints and commercial dispute.

The following are the examples of MOC's activities for consumer protection.

a) Consumer protection

All consumer commodities are under control of this ministry. This ministry regulates products which do not comply with SSA, and fake or fraud products.

b) Foodstuff quality control

Foodstuff quality is the basic quality in daily life and is controlled under the strictest conditions. Actually, foodstuff is inspected and tested strictly by the laboratories at MOC.

c) Companies and commercial agents' registration

All companies and commercial agents have to submit applications for registration to MOC before commencement, filling out documentation at the place, in addition to the address of the shop and personnel ID, etc.

d) Trademark regulations

Trademarks are controlled by MOC.

e) Collecting the consumer complaints and commercial dispute information

The consumer complaints and commercial dispute information are collected at the MOC Labs and the other 26 regional offices. MOC settles them through arbitration.

f) Test/inspection

MOC has three big labs. in Riyadh, Jeddah and Damman and five labs. in other regions. The MOC Labs. carry out inspections by themselves regarding food, as their main objective, and on weighing and measuring instrument, jewelry and cosmetics and disclose offenses. The other products, such as electrical appliances are tested and inspected by SASO, but the offenses are prosecuted by MOC.

Minister of Commerce is the chairman of the SASO Board of Directors, and Deputy Minister of Commerce for Supply is also a member of the SASO Board of Directors. The Ministry laboratory staff participate in Specialized Committees, Technical Committees or Working Groups to establish standards.

2) Ministry of Municipality & Rural Affairs (MOMRA)

MOMRA is in charge of realizing the country's development goals including urban planning for setting up of rural centers, operation and maintenance of public service networks and protection of the environment and the health of people.

MOMRA and the regional municipalities contribute a lot to consumer protection by conducting market surveillance of foodstuffs. They give a food store a license after checking its facilities, carry out monitoring and control of the food processing in the cities and villages. They inspect the food shops, restaurants and other premises dealing in food for a check of the hygienic conditions of the equipment once every three months and the health conditions of the employees once every six months. They also inspect the expiry date of food and other key monitoring points periodically and take appropriate measures to correct shortcomings if found.

Taking the Municipality of Riyadh for example, 70 inspectors are engaged in carrying out the periodical inspection and take care of the consumer's complaints, namely accepting of complaints, visiting food shops or other premises with which the complaints are filed and taking samples for the test at the Ministry's laboratory , if necessary, and taking the necessary steps according to the results received.

1.3.2. Ministry of Interior (Civil Defense and Traffic Police)

1) Civil Defense

The Civil Defense is the organization responsible for fire-fighting and takes fire preventive measures, carries out fire-extinguishing activities, investigates the causes of fires and takes countermeasures and perform other related duties. It also accumulates statistics of fires to find out the causes of these fires.

The rate of fire accidents in Saudi Arabia is rather large compared, for example, to the rate in Tokyo, and has been increasing as described in Clause 1.10.1. Among the fire statistics, the number of fires that broke out due to poor interior wiring, short-circuited wiring and electric apparatuses is relatively large.

As for the fire disasters that incurred in Mecca last year (1997), the investigation into the cause and the countermeasures to prevent recurrence were carried out and a review of the standard of tents for the flame resistibility was conducted by SASO. The Civil Defense does not have its own laboratory now. Then it is setting up a laboratory in its office to investigate the causes of these fires.

2) Traffic Police

The Traffic Police is responsible for regulating traffic, taking preventive measures against traffic accidents, performing accident investigations and making up statistical database.

The number of traffic accidents in Saudi Arabia is increasing year by year and becoming a big social problem. The traffic police performs its mission by tackling this problem. The reduction of traffic accidents is one of the major policies for consumer protection in Saudi Arabia. Annual nationwide traffic week campaign is conducted issuing a special pamphlet titled "Panorama" and the Traffic Police promotes the necessity of being traffic-safety-minded to the pupils and students as well as to pedestrians and drivers on the spot.

Many cases of accidents are caused due to lack of traffic-safety-mindedness and by driving at high speeds with lower air pressure in the tires than required or with cheap tires bought in disregard of the speed limit allowed for the respective quality of the tires. The Traffic Police has difficulties in coping with the low level of the basic knowledge and moral of the drivers necessary for the traffic safety as shown in the above-mentioned cases.

1.3.3. Others

1) Ministry of Industry and Electricity (MOIE)

MOIE carries out a system of approval and granting license to manufacturing enterprises as one of its activities to protect and develop domestic industry. Those who will invest in an industrial project are required to submit the project approval application accompanied by the supporting documents to the Project Approval Bureau of the ministry and obtain the approval accordingly. After the approval is granted and the project has been realized, the bureau visits the factory for inspection when a consumer complaint is filed or an offense is suspected, and requests the factory to remedy the shortcomings, if any. If the remedy is found unsatisfactory the enterprise is liable for suspension of operation or revocation of its license. However such an incident rarely occurs, less than one percent of the projects approved, according to MOIE staff.

MOIE is responsible for electric power generation, transmission, supply, etc. It also controls interior wiring, which is very important from the view point of consumer protection.

2) Customs Authority

The Department of Customs belongs to the Ministry of Finance & National Economy, and controls all the materials coming from outside of Saudi Arabia with the help of other ministries and agencies, which pick up samples and check them according to specified procedures and decide to accept or reject them.

3) Ministry of Agriculture and Water (MOAW)

MOAW is responsible for controlling fisheries and animal resources for foodstuff.

4) Ministry of Health (MOH)

MOH is responsible for the health care and hospitals, and controls the medicine coming from outside of Saudi Arabia by checking certification in cooperation with the Customs Authority.

5) Ministry of Education (MOE)

MOE is in charge of elementary, intermediate and secondary schools. It provides fundamental knowledge about consumer life to the pupils of elementary schools and intermediate schools through the curriculum. It has conducted adult education to eliminate illiteracy for many years, and the percentage of illiteracy declined drastically. This will contribute largely to consumer protection enabling consumers to read owner's manuals and to understand other consumer information.

University and higher education are under the control of the Ministry of Higher Education. On the other hand, technical schools such as agricultural, commercial and industrial schools are under the control of the governmental agency, GOTEVOT (the General Organization for Technical Education and Vocational Training).

6) Ministry of Information (MOInf.)

MOInf. controls the television and broadcasting, publication of newspapers and magazines, etc. The ministry gives consumers a lot of useful information through various media in corporation with other concerned ministries and agencies.

7) Chamber of Commerce and Industry (CCI)

CCI is not a governmental organization, but is enumerated because of close relation with consumer protection.

CCI is a non-profit organization, which represents the interest of industrial and commercial businesses and aims at protecting and developing them. CCI supports SASO activity with financial aid on the one side, and asks SASO to develop new standards on the other.

8) Consumer Support Organization

There is no consumer support organization representing the consumer in Saudi Arabia. It is said that the consumer interests are adequately represented by the related ministries and agencies, but they would not be able to act really for the interests of the consumer.

1.4. Organization, function and facility of SASO

1.4.1. SASO Organization and its activities

The organization of SASO is shown in *Figure 1.4.1.-1.*

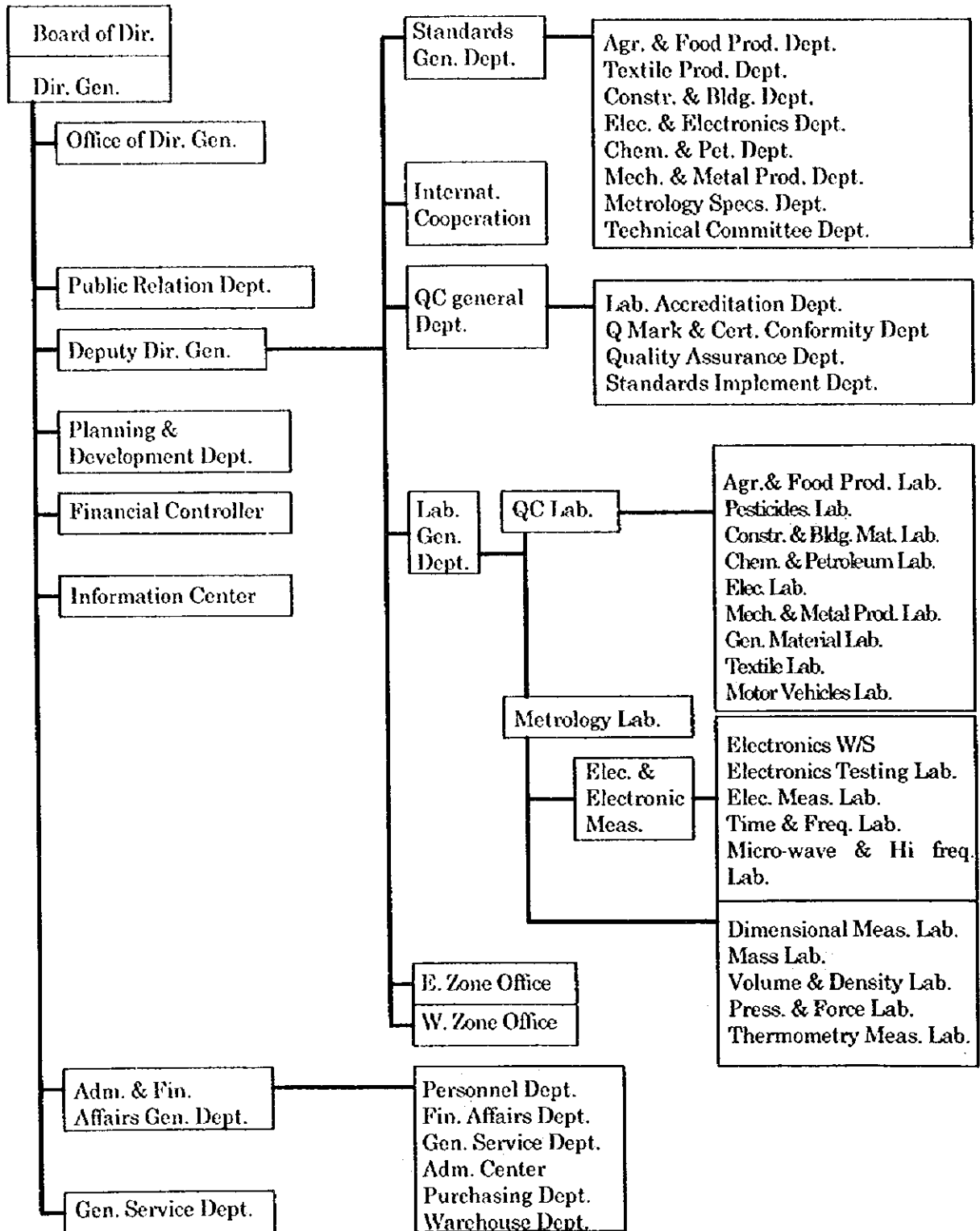


Figure 1.4.1.-1. SASO organization chart

General description of SASO's task

SASO is the only organization in Saudi Arabia responsible for establishing the specifications and standards regarding the safety, performance and test methods and in charge of establishing SSA, execution of test, inspection and accreditation according to the standards, consumer education and other related activities.

SASO also has the responsibility, as the National Measurement and Calibration Center, to support the industry and scientific research and also to protect both the consumer and trader through accurate measurements.

SASO has introduced and operated the Quality Mark System (refer to Clause 1.7.1.) on its own initiative and the factories are licensed to use the Q mark after the test and inspection of the products and the factory have satisfied the requirements. The Q Mark granted factory is inspected periodically so that shortcomings in quality and safety may be rectified, if any.

SASO also conducts the testing and reporting according to the request of other governmental agencies or private firms. In case remedial measures are found necessary as a result of the tests made on request by other governmental agencies, the execution of the measures is the responsibility of the authorized governmental agency and SASO is not empowered to do so.

1) Board of Directors

The Board of Directors (BOD) is the governing authority of SASO. The BOD consists of the Minister of Commerce as the chairman, the Director General of SASO as the vice chairman and about 10 members from related governmental organizations as well as representatives of the trade & industry sectors. The BOD meeting is held two or three times a year and decides or approves policy of SASO and major procedures for the proper execution of SASO's duties, for instance, annual budget, fiscal report, five year plan and new and modified standards.

2) Public Relations Dept.

Responsibility of the department is closely related to SASO's activities regarding consumer protection. It has three sections consisting of three to four people for each and their activities are as follows :

- a) Releasing information relating to standards, consumer education, etc. through all kinds of media (Press, TV., Magazine, etc.) and collecting information relating to SASO's activities for circulation among Dir. Gen. of SASO.

They release information and news almost every day.

- b) Managing seminars, training courses and exhibitions
In 1997, they plan to participate in about 24 exhibitions including exhibitions held in other GCCs

- c) Managing collection of suitable advertisements for "The Consumer".

- d) Serving as secretariat to GSMO

3) Planning & Development Dept.

The department is responsible for preparing five year and annual plan for SASO and training of SASO personnel. The current five years plan covers from 1995 to 2000. The SASO five year plan is to be submitted to the Ministry of Planning. After approval of the five year plan by the ministry, the department prepare annual plan and checks how it is progressing.

The department arranges the training of 100 to 200 SASO people.

The department has two sections named as planning and training respectively with three people on each.

4) Information center

The center collects and keeps information related to standardization at all the national, regional and international levels, and provides them for the concerned parties including GCC countries. The center has a library of standards and related materials and a computerized database as well.

5) Standards General Dept.

The department prepares draft standards according to the annual plans approved by the Board of Directors. The department consists of the following eight sub-departments. The seven sub-departments correspond to each field and each sub-department coordinates technical committees for the preparation of draft standards.

- a) Agricultural & Food Product Dept. : 16 persons
- b) Textile Product Dept. : 5 persons
- c) Construction & Building Material Dept. : 9 persons
- d) Electrical & Electronic Dept. : 8 persons
- e) Chemical & Petroleum Dept. : 7 persons
- f) Mechanical & Metal Product Dept. : 8 persons
- g) Metrology Specifications. Dept. : 5 persons
- h) Technical Committee Dept. : 15 persons

6) International Cooperation

This new organization manages all SASO international technical activities excluding those related to GCC and the eight persons are in charge.

Their major activities are summarized as follows :

- a) Technical cooperation with foreign countries such as with Japan, England, USA, France, Korea, India, etc.
- b) Participation in joint commissions with other governmental organizations for international activities.
- c) Access to WTO
- d) Cooperation with international organizations such as ISO, IEC, etc.

7) QC General Dept.

The department is responsible for laying down and application of quality control, quality assurance systems and procedures to encourage compliance with SSA. It consists of the following four sub-departments.

- a) Laboratory Accreditation Dept. : 1 person
- b) Quality Mark & Certificates of Conformity Dept. : 6 persons
- c) Quality Assurance Dept. : 8 persons (6 for ISO9000, 2 for ISO14000)
- d) Standard Implementation Dept. : 9~10 persons (ICCP implementation)

8) Laboratory General Dept.

The department consists of Quality Control Lab. and Metrology & Calibration Lab.. The QC Lab. carries out tests and research to ascertain applicability of draft standards and to check conformity with SSA and tests relating to Q mark systems.

The Metrology and Calibration Lab. keeps the national standards of measurements, verifies the precision of the inspection and measuring instrument used in Saudi Arabia and takes care of implementing lab. accreditation systems.

a) Quality Control Laboratory : 92 persons

- ① Agricul. & Food Prd. Lab.
- ② Pesticides Lab.
- ③ Constr. & Bldg. Material Lab.
- ④ Chem. & Petroleum Lab.
- ⑤ Electrical Lab.
- ⑥ Mechanical & Metal Prod. Lab.
- ⑦ General Material Lab.
- ⑧ Textile Lab.
- ⑨ Motor Vehicle Lab.

b) Metrology & Calibration Lab. : 30 persons

- ① Electronics Work Shop
 - ② Electronics Testing Lab.
 - ③ Electrical Measurement Lab.
 - ④ Time & Frequency Lab.
 - ⑤ Micro-Wave and Hi Frequency Lab.
- } (Electrical & Electronic Measurement Laboratories)
- ⑥ Dimensional Measurement Lab.
 - ⑦ Mass Lab.
 - ⑧ Volume & Density Lab.
 - ⑨ Pressure & Force Lab.
 - ⑩ Thermometry Measurement Lab.

9) SASO branches in Jeddah and Damman

They represent SASO and its activity in the Western and the Eastern Region, respectively. They also make products inspections in cooperation with the customs in Jeddah or Damman.

- a) Jeddah Branch : 53 persons

There are a few persons in the electrical and electronic section and conduct mainly frequency checks on the products picked up at the customs of Jeddah port. The products which cannot be tested at the Jeddah Branch because of the lack of proper test equipment are sent to the laboratories in Riyadh.

- b) Damman Branch : 40 persons

There is no laboratories in Damman and none of tests are carried out on electrical or electronic products, except for the test on used cars.

Problems in overall activities of SASO related to consumer protection

- Closer communication and cooperation among departments in SASO and related external organizations should be intensified for promoting consumer protection activities, though the present organization is managed fairly well for conducting the SASO task.
- Certification/Registration/Accreditation and test/inspection activities conducted by SASO will be better to conform with the relevant ISO/IEC guides to get better international acceptance and confidence.
- Systematic career development program for personnel assigned for each task and managers will be better to be enhanced, though SASO has a very wide human resource development program.

1.4.2. Facilities and activities in QC Laboratory and Electrical and Electronics Measurement Laboratory

The QC laboratory and a portion of Electrical and Electronic Measurement Labs. relate to the Study closely. They tested more than 11,000 samples in 1996. Their facilities and activities are as follows :

- 1) **Agricultural & Food Prd. Lab. :** 19 persons

They conducted analysis and tests for 1,455 samples in 1996. The purpose of the analysis and tests are mostly quality control of products from Q-mark certified factories and quality check asked by local (small) manufacturers.

- 2) **Pesticides Lab. :** 4 persons

They conducted analysis and tests for 225 samples in 1996.

- 3) **Construction & Building Material Lab. :** 4 persons

They conducted analysis and tests for 50 samples in 1996.

- 4) **Chemical & Petroleum Lab. :** 17 persons

They conducted tests for 2,660 samples in 1996.

6) Electrical Lab. : 5 persons

They conducted tests on 3,332 samples in 1996 and their rough number of distribution were 40% for customs clearance, 30% for the follow-up test of Q-mark certified factories (follow-up inspection was conducted twice a year), 10% for the governmental organizations and 20% for local industries. The tests in the laboratory are conducted by two engineers and three technicians.

The Electrical and Electronic Labs. have testing equipment enough for conducting fundamental tests, but most of them were installed about ten years ago. The fundamental tests cover general safety-related tests such as insulation resistance measurement, high voltage test, leakage current measurement and operation test and when products are doubtful about their safety, material test, construction inspection and endurance test are also carried out.

In the Electrical Laboratory, the tests are conducted according to SSA concerned and IEC335 which became SSA. As a result there occur some differences between requirements in SSA and IEC 335.

All tests required by SSA can not be carried out due to the restrictions of testing equipment and skills. For example, the electric irons were tested only for insulation resistance test, high voltage test, leakage current test, stability test, flexing test on cord entry, measurement of length of power supply cord, operation test and simple visual inspection, but were not tested for thermal or mechanical properties such as normal and abnormal heating test and drop tests.

Private companies sometimes make a request to the laboratory when they have no proper test equipment for testing of their products and in reverse the laboratory make a request to a private company for a test of a certain product according to the same reasons under supervision of SASO technicians.

6) Electronics Testing labs. in Electrical and Electronics Measurement Lab.

Electrical Measurement Lab. consists of five laboratories described below:

- Electronics W/S which is engaged in the maintenance of measuring instruments
- Electronics Testing Lab.
- Electrical Measurement Lab. which verifies watt-hour meters
- Time and Frequency Lab. which controls standard instruments
- Micro-wave and High Frequency Lab.

The Electronics Testing Laboratory belongs to metrological lab. group but it takes part in the QC test. There are four members in the Electronics Testing Lab. which conducts tests (mainly frequency check) for the products mostly sent from customs almost the same way as the Electrical Lab. of Quality Control Lab.

Equipment for testing electronic products especially for product safety is insufficient.

7) Mechanical and Metal Products Lab. : 9 persons

They conducted tests for 264 samples in 1996.

8) General Material Lab. : 10 persons

They conducted tests for 2,579 samples in 1996 including tire samples. The number of tests for tires carried out in a year is about 350 and tire samples are mostly sent from SASO Jeddah and Damman Branches to make sure of the quality of the imported tires. Two persons are in charge of tire tests.

At present, the test items are limited to only tensile strength and elongation on rubber sheet samples taken from the side tread of tires. In addition to test items, the method of making specimens from tires is inadequate. They use a grinder to remove carcass layer from scrapes of carcass portion. The method deteriorates the rubber properties of the specimens due to the heat produced by grinding.

The Team conducted a technical transfer on the following items :

- a) Improved method of making specimen
- b) Technique of testing retread tires :
 - Peeling test between the carcass layers
 - Single cord test for tensile strength and elongation
 - Measurement of the cross section of tires
 - Density of the carcass cord per 25mm width
 - Density of the belt cord per 25mm width
 - Calculation of the total strength of tires

The following table is a list of testing equipment for tires in the laboratory.

Equipment	No.	Specification	Mfg. or Country
Electric oven for sample aging	2	Max. Temp. : 230 °C Max. Temp. : 225 °C	USA Germany
Autograph for tensile strength & elongation	1	Max. Load : 10 tons	TINIUS OLSEN USA
Sample cutter for rubber sheet	1		CEAST
Grinder for the sample shaping	1		

9) Textile Lab. : 6 persons

They conducted tests for 824 samples in 1996 and their rough number of distribution was 50% for the follow-up test of Q-mark certified factories, 10% for the customs , 20% for the governmental organizations and 20% for local industries.

The major samples for test are as follows :

- Fabrics for tents
- Head cloth for men (Yashmagh)
- Carpets
- Tissue paper

The major tested indices are as follows :

- Flammability
- Color fastness
- Abrasion resistance
- Fiber composition

The feasible tests in the laboratory and corresponding equipment are as follows :

Index	Corresponding equipment
Color fastness to light	Xenotester
Color fastness to washing	Laundry meter
Color fastness to perspiration	Perspiration meter
Color fastness to rubbing	Rubbing meter
Tensile strength	Tensilon Max. 500Kgf
	Tensilon Max. 1,000Kgf
Tearing strength	Elmendorf tearing tester
Bursting strength	Burst tester
Abrasion resistance	Dynamic loading tester
Fiber composition	Microscope
Washability	Washing machine, Tumble dryer
Flammability	Vertical test instrument
	45 degree test instrument

Test for harmful substances causing skin trouble such as formaldehyde is not carried out, because relevant SSA has not been established yet.

10) Motor Vehicle Lab. : 6 persons

They conducted inspections of imported passenger cars by individual. The number of inspections is more than 10,000 a year.

11) Administration, sample reception and service group : 16 persons

The reception desk receives the products to be tested, input necessary items into a personal computer and send the products to the laboratory. Date, product names, test items and other data are input into a personal computer in Arabic and can be accessed at a desk in the laboratory, but the data are not statistically organized so as to enable the staff to grasp the capacity and make short or long term plan of the laboratory.

Problems in the laboratory tests

The number of tests carried out regarding the samples from market surveillance is rather small. Occasionally, the QC laboratory conduct tests on defective products based on consumer complaints and on products collected from the market in the market surveillance in cooperation with MOC.

1.5. Standards

1.5.1. General

SASO establishes and publishes national standards covering almost all sectors such as constructions and building materials, textiles, metrology, food and agricultural products, electric and electronic products, chemical & petroleum products and mechanical & metal products. SSA are substantially mandatory standards published based on Royal Decree No. M/10 (1392H-03-03/1972-04-16). These national standards are called Standards of Saudi Arabia or SSA as abbreviated.

The number of SSA and harmonization of SSA with international and regional standards

SASO has already published 1323 SSA which are described in "LIST OF SAUDI STANDARDS" issued in 1418H/1997G. Among SSA published, 125 SSA are harmonized with the ISO standards and 26 SSA with the IEC standards, as international standards. In addition, 658 SSA are harmonized with the Gulf standards as regional standards. The nature of SSA such as mandatory or voluntary is specified in each SSA. According to the list, 176 SSA for electrical/electronic products, eight SSA for tires and 73 SSA for textiles have already been published. Where new SSA are established, they come into force with a grace period of one year with a notice of the application by the official gazette.

Demand of publication or revision of SSA

SASO has been requested to publish SSA more and more in response to the current technology from the ministries, manufacturers, etc. because most of SSA was published in the 1980s. SASO is now rapidly drafting SSA referring to the current international standards and national standards in other countries depending on nature of products in response to the demand. However, SASO can not catch up with the demand all once because there are too many kinds of products in the market. In any case, it is necessary to publish SSA in order to inspect the conformity of products at any inspection stage by the regulatory authority and use for design of products by manufacturers as guidelines.

1) Procedures of developing and revising SSA

SASO provides the organization structure for establishing SSA. The Standard General Department is responsible for this activity and is made up of eight departments as follows.

- a) Agricultural and Food Products Department
- b) Electrical and Electronic Products Department *
- c) Mechanical and Metal Products Department **
- d) Chemical and Petroleum Products Department
- e) Textile Products Department ***

- f) Construction and Building Materials Department
- g) Metrology Specification Department
- h) Technical Committee Department

- * Responsible for electrical / electronic products field
- ** Responsible for tires field
- *** Responsible for textiles field

SASO establishes and implements procedures for drafting SSA. It specifies that SASO opens an opportunity to people of the national industries, tradesmen, importers, and to governmental authorities, research academic institutions and consumers to serve on committees set up of balanced membership comprising the parties concerned with the areas to be covered by the draft SSA. However, as there is no consumer organization, the government authority is actually acting as a representative of the consumer. SASO personnel of the Standards Departments present General Committees and Technical Committees, but no testing personnel of the laboratories participate in them.

2) The organization structure for the establishment and revision of SSA

The organization structure is shown in *Figure 1.5.1.-1*.

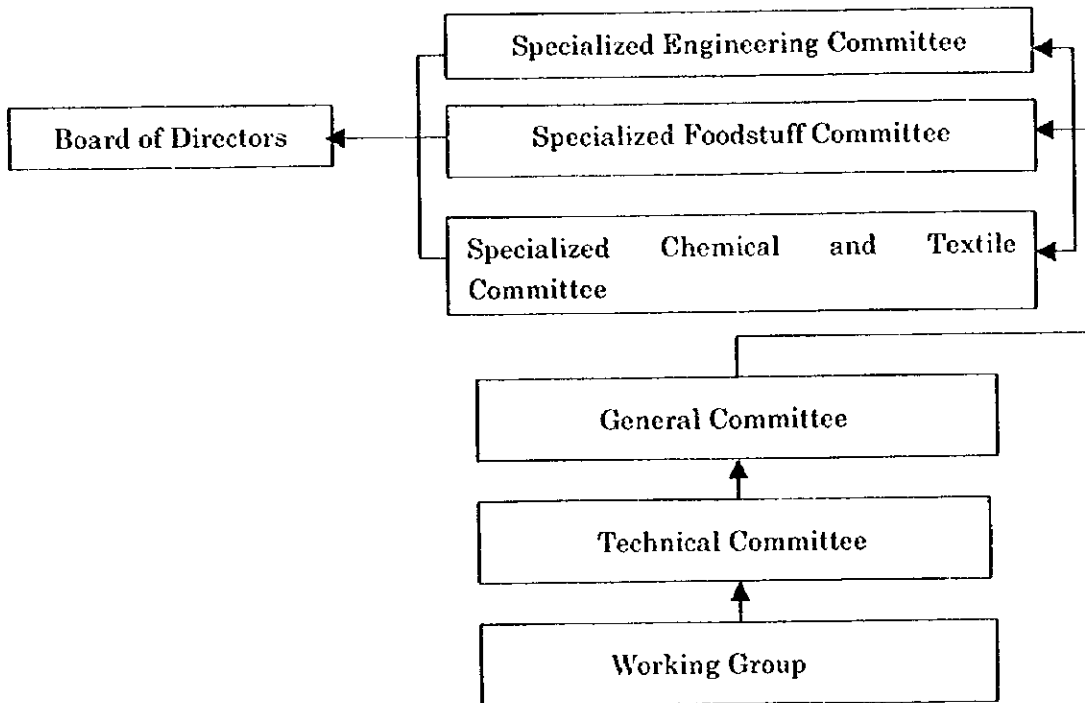


Figure 1.5.1.-1. Organization structure for establishing SSA

- a) Board of Directors has the highest authority for approving a draft SSA submitted by relevant specialized committees.

- b) Specialized Committees (SC) are sub-committees of the Board and the Board assigns the members of the SC from among the members of the Board concerned with the specific sectors. The SC submit the draft prepared by the GC to the Board for the final decision after reviewing it.
- c) General Committees (GC) are set up for every sector dealt with in each standards department of SASO. The GC propose a five-year plan for preparing draft SSA and the annual program based on the five-year plan to the Board. The GC review draft SSA submitted by the TC. The membership of GC is limited to 15 members and not less than seven members. SASO appoints the chairman after the coordination with the members and SASO representatives contribute to the GC secretariat.
- d) Technical Committees (TC) are set up based on the proposal by the GC, if necessary. The TC prepare draft SSA. The membership of TC is limited to maximum ten. The TC selects its chairman from among outside representatives, and SASO representatives contribute to the TC secretariat.
- e) Working Group is occasionally established to investigate the more detailed technical aspects. The members come from the TC and/or outside the TC.

3) The flow of Establishment and revision of SSA

The flowchart is shown in *Figure 1.5.1.-2*.

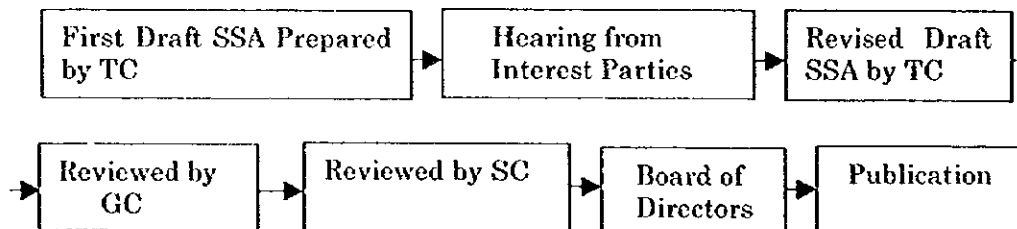


Figure 1.5.1.-2. Flowchart of establishment and revision of SSA

The SSA are drafted according to designating priorities, which deal with the real needs. The SSA, which has been already published, is reviewed every five year, in principle.

A revision of SSA every five years is not sufficient to catch up with the modern technology rapidly developing.

1.5.2. Electrical and Electronic Products

There are a GC and seven TC for every type of product category as shown below;

TC 1: Home appliances and their accessories

TC 2: Cables and their accessories

TC 3: Telecommunication and electronic apparatus

TC 4: Illumination and their accessories

TC 5: Regulating devices and accessories

TC 6: Transmission and distribution equipment

TC 7: Medical equipment

There are 176 SSA for electrical/electronic products intended for use in homes and industries, and for building installation, etc. Only 38 SSA among them are related to consumer products and include standards for test methods: one SSA for luminaires, one SSA for the office machines, 27 SSA for household electrical appliances and nine SSA for electronic apparatuses. These 38 SSA cover 19 kinds of consumer products. 38 SSA is too small in comparison with kinds of consumer products in the market.

Although the GC requires each TC to submit at least six draft SSA a year for publishing SSA as an objective, only four SSA for household electronic and electrical appliances could be published in the past of three years and now more than 30 standards are under draft. This is due to the lack of technical experts because Saudi Arabia relies on the imported products.

Currently, SSA are being rapidly drafted to catch up with the demand from regulatory authority, manufacturers, importers, etc. referring to the international standards and if appropriate, the European standards, American national standards and Japanese standards, etc. as normative in consideration of special conditions such as climate and wiring system in Saudi Arabia. Especially, SSA for mains configuration adapters and extension cord set are requested by the people because there are plenty of accidents as mentioned in Clause 1.9. of this chapter.

Problems

- The small number of SSA related to consumer products, which have been published, compared with the demand of its people
- No SSA for mains configuration adapters and extension cord set (many accidents occurred in the country)
- Not so many SSA harmonized with the IEC standards yet
- Revision of SSA every five years

Cause

- The lack of technical experts

1.5.3. Tires

Tires are dealt with as a part of mechanical and metal products. To draft SSA for mechanical and metal products, there are a GC and ten TC.

Ten TC are as follows:

- 1) Motor vehicles
- 2) Motor vehicle filters
- 3) Water pumps

- 4) Boiler and pressure vessels
- 5) Air conditionings for building
- 6) Kitchen cabinet
- 7) School and office furniture
- 8) Light poles
- 9) Garbage containers
- 10) Agriculture machinery

However, there is no TC for tires. The SASO staff members prepare the draft SSA for tires referring to the relevant international standards (ISO) or other national standards. As a matter of course, SSA are published based on the rule of procedures of SASO for drafting SSA. Consequently, the draft is circulated to the interest parties so as to obtain their opinions.

There are eight SSA for tires; one for tire storage, one for retread tires, three for passenger cars and three for buses and trucks. In addition, one standard for compact tires is now being drafting. The list of SSA for motor vehicles - Model year 1998 is shown in *Table 1.5.3.-1*.

Table 1.5.3.-1. List of SSA for motor vehicles – Model year 1998

Gulf St'd No.	Saudi St'd No.	Contents
51/1986	445/1986	Marking, dimensions, air pressure, loading of passenger cars for tyres
52/1986	447/1986	General requirements for passenger car tyres, such as static characteristics, etc.
53/1986	448/1986	Testing method of characteristics of passenger car tyres
645/1997	1134/1996	Marking, dimensions, air pressure, etc. of trucks and buses tyres
646/1997	1135/1996	Testing method of characteristics of trucks and buses tyres
647/1997	1136/1196	General requirements for trucks and buses tyres, such as static characteristics, etc.
--	1275/1997	Standards for characteristics of retread tyres and testing method
581/1997	1066/1995	Requirements for tyre storage
In drafting and circulating		Compact tyres

These SSA, except for SSA 1066/1995, are referred to the International Standard (ISO4209) and some foreign national standards.

Problems

- SSA 1066/1995 "Requirements for tyre storage" :

It contains the requirements to avoid off the direct rays of the sun, rain, moisture, oil and grease. However, there is no instruction how to position the tires while storing.

- SSA1275/1997 "Standards for characteristics of retread tyres and testing method" contains the condition of use of retread tires:

It does not prohibit retread tires for passenger cars and confine them for buses and trucks in use because it is being referred to the British Standard BS AU 1988 "Retread car and commercial vehicle tyres" and Federal motor vehicle safety standards (USA) No.571/117:1986 "Retread pneumatic tyers", which can use any retread tires. However, most of countries such as Belgium and Japan do not allow the use of retread tires for passenger cars and at point of the front wheel of trucks and buses in consideration of the retread tires being weaker than new tires regarding their physical properties. It is a problem that the SSA allows the use of the retread tires for passenger cars and for trucks and buses because plenty of traffic accidents have occurred because of tire burst due to the hot climate. This is true of new tires as well.

- No SSA for tire's maintenance by drivers:

It is not published for the maintenance although there are many cases of the accidents resulting from the tire burst caused by low air pressure due to user not maintaining proper air pressure.

Cause

- There are no statistical data on traffic accidents caused by tires and the information of the market situation for necessary action for improvements in the standards.

1.5.4. Textile products

There are a GC and TC. The TC usually prepares 15 to 20 draft SSA a year. However, TC could not prepared the expected number of the SSA, but prepared 12 draft SSA last year. The formulation of the remaining draft SSA is carried over to the next year. Priority in establishing SSA is considered based on requests from interest parties such as local manufacturers. SSA for textiles are established referring to the international standards (ISO) and some national standards in other countries.

There are 73 SSA for textiles, which are divided into eight groups:

- 1) Basic and general standards
- 2) Woven fabrics
- 3) Cotton sewing threads
- 4) Methods of testing
- 5) Miscellaneous products
- 6) Leather products
- 7) Blankets.

Harmonization of SSA with the International Standards(ISO)

SSA1174/1996 "Textile care labeling code using symbols" is harmonized with the relevant ISO Standard "Care Label Symbol".

SSA645/1990 "Requirements for fire retardant tent fabrics" specified the washing method of " 12 times at 40°C" being comparatively severe against the requirement of other countries adopting the ISO Standards "five times at 50°C." However, recently the Gulf standard titled "METHODS OF TESTING FABRICS FOR CIVILIAN TENTS" was published in harmonizing with the ISO standards. Therefore, The Gulf standards are used as SSA because the Gulf countries are emphasized for use of the GULF standards as the national standards. After all, it can be seen that SSA are harmonized with the ISO Standards.

In establishing the SSA for textiles, market surveillance is occasionally conducted to understand the present condition of textiles from the viewpoint of safety and quality.

Problems

- No SSA for safety of harmful substances, toxic gas and static electricity
- No SSA for garments and spring mattresses (durability)
- Insufficient indication methods for woven silk fabrics (SSA689/1994 "Woven silk fabric")
- Shortage of some items for the color fastness testing methods

Causes

- Shortage of textile experts
- Shortage of information regarding market needs
- No SSA for sewing specifications
- No reference standards in other countries (traditional wear)

1.6. Inspection/testing system

Products intended to be put on the market are controlled by regulatory authorities in cooperation with SASO according to the regulations to ensure their safety and quality for consumer protection. The present "Inspection/testing system" including the market surveillance is shown in *Figure 1.6.-1*.

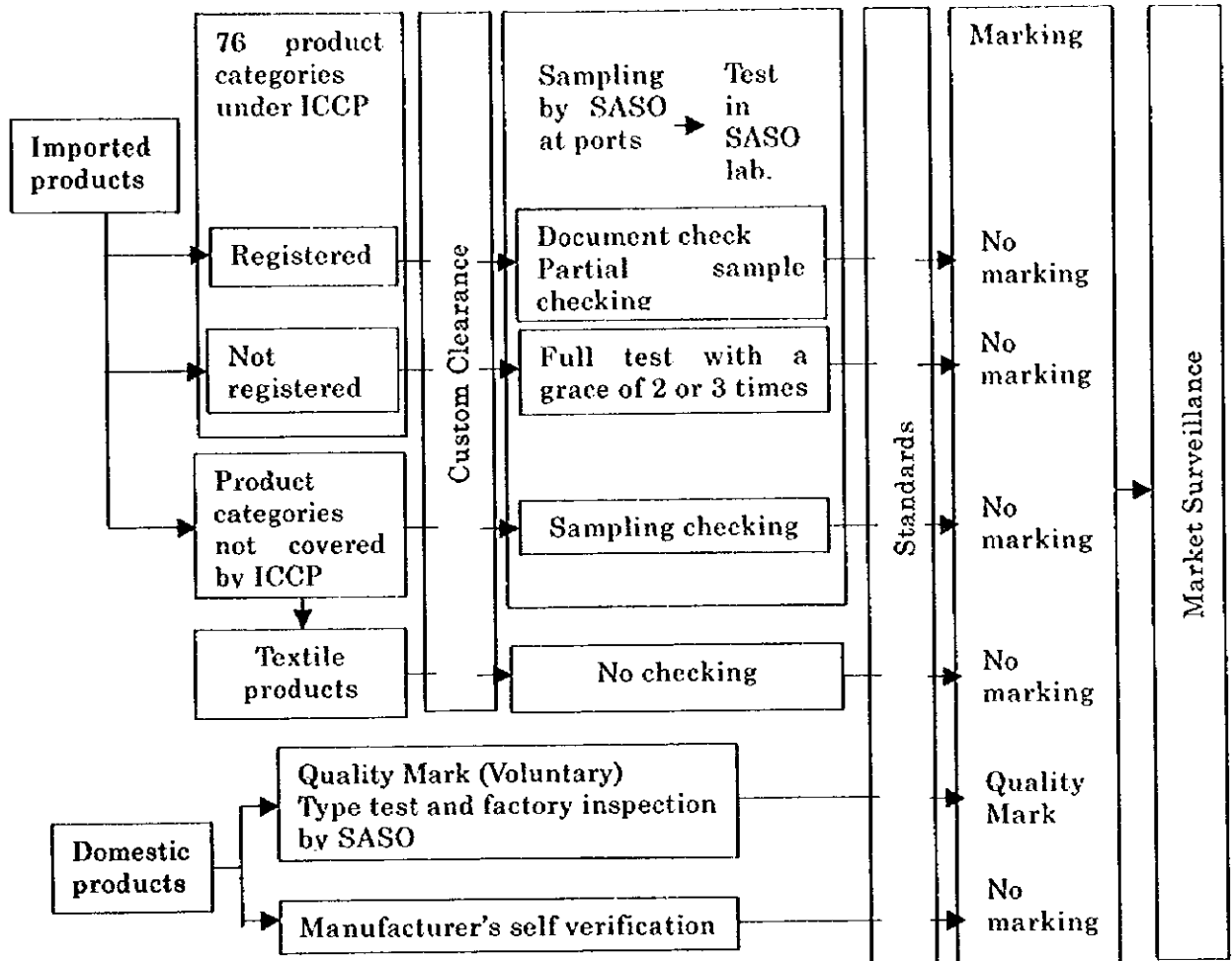


Figure 1.6.-1. Inspection/testing system

76 product categories of imported products have to be approved under International Conformity Certification Program (ICCP), and also other imported products are inspected using random sampling methods at customs clearance. On the other hand, domestic products are not obliged to apply for any mandatory certification scheme similar to ICCP. In addition to the mandatory inspection/testing system as mentioned above, SASO offers a Quality Mark Scheme to manufacturers who wish to demonstrate the conformity of the products with the SSA on a voluntary basis.

In the light of the consumer protection, the authorities conduct the market surveillance to eliminate defective products from the market. The surveillance is very often conducted on foodstuff, but seldom for other products.

1.6.1. Inspection of imported products

Imported products are picked up and inspected to ascertain safety and quality according to the regulations of the Ministry of Commerce (MOC), Ministry of Agriculture and Water (MOAW) and Ministry of Information (MOInf), etc. at ports. These Ministries provide each branch in the building of the customs authority at the port as well as SASO.

The sample selection is conducted in the presence of the customs authority, the relevant ministry and importer. The relevant ministry decides which products of a lot to be selected.

The customs authority has the right to decide the acceptance of products into the country with reference to the inspection results submitted by the relevant ministry. The importer must keep their products until the decision by the customs authority is made.

1) Outline of inspection/testing system

a) Products registered under ICCP

The products are picked up from every lot at random to:

- identify the design of the originally registered products
- check frequency ranges of receiving apparatuses by measurement
- check the application documents including the country of origin, and certificate of conformity

When products covered under ICCP are not registered, they are rejected and can not enter the country. However, as temporary measures, the products are picked up by the relevant ministries for inspection/testing. Where SASO is commissioned to conduct inspection/testing of products by the regulatory authorities such as MOC, SASO usually completes them within 10 days.

An example of the inspection route in case that MOC commissions SASO to do it is shown in *Figure 1.6.1.-1*.

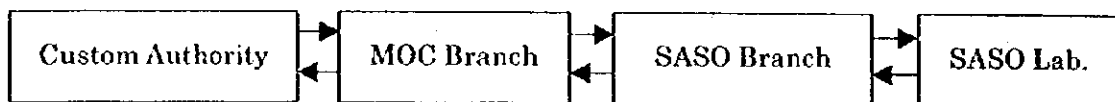


Figure 1.6.1.-1. An example of the inspection route

b) Products not covered under ICCP

The products are also picked up in the same manner for:

- checking the country of origin
- checking the application documents including the certificates of export admission issued by the embassy of Saudi Arabia in the exporting country of the products
- testing in relevant laboratories including SASO, where the products are doubtful to comply with the relevant standards

Especially, perishable foodstuff, regardless of products registered under ICCP or not, are well inspected for every lot regarding smell, color change, etc. by a visual inspection, etc, which are carried out by MOC or MOAW (Quarantine inspection) depending on kind of foodstuff. The application documents including a health certificate, etc. are also checked. These inspections can be normally completed in one day. The importers must keep their products until the inspection has been concluded.

MOC, MOAW and MOH have their own laboratories for inspection/testing for foodstuff, etc. In the case that they can not fulfill the inspection/testing in their laboratories, they commission the inspection/testing to SASO. SASO cooperates for the sampling inspection in the field from a technical aspect.

It is said that as a result of sample selection according to the present inspection/testing system, 75% of the total number of imported products are inspected and tested at customs clearance. However, products other than foodstuff, which are severely and completely inspected, are inspected for only country of origin, appearance, etc. by visual inspection.

The present inspection/testing system is not sufficient because there is a flood of products not complying with the standards in the market. The major problems are commonly false indication of the county of origin and imitations of famous brands.

MOC carried out the inspection of textiles about 10 years ago. However, MOC suspended the inspection soon because the rate of disqualification became up to about 80% mainly due to unfair indication of fiber composition and it was likely to cause a shortage of textiles in the market. Sampling tests conducted by the Team in cooperation with SASO also showed this same fact. When improving the inspection/testing system, this is to be considered.

Problems

- Many fraudulent products imported
- Only a check of the country of origin and appearance by visual inspection

Causes

- Incomplete inspection/testing system
- Insufficient charge of penalties for improper importers

c) Territory of each regulatory authority (Ministry)

Each authority is responsible for controlling products allocated as shown in *Table 1.6.1.-1.*

Table 1.6.1.-1. Regulatory authorities and their controlled products

Ministry	Territory
MOC	All products including cosmetics, jewelry, chemicals for general use except regulated by other authorities as mentioned below in this table
MOAW	Livestock, fresh fruit, vegetables, eggs, plants and the like
MOH	Water, fresh food, medicine, radiation materials, nuclear medicine and the like
MOInt.	Prohibitive items such as drugs, guns, radiation material, nuclear medicine
MOInf.	Information material such as magazines, CD cassettes
MOIE	Chemical products for industrial use

2) **The system of ICCP applied to 76 product categories of imported products**

a) Outline of ICCP

The Ministry of Commerce (MOC), in cooperation with SASO, has implemented an International Conformity Certification Program to control the quality and safety of 76 categories of imported products into Saudi Arabia. The ICCP is a compulsory scheme.

b) Management

The ICCP is managed by the Standard Implement Department of SASO.

c) Procedures

The program consists of two related but separate processes.

- **Type Approval**
Regulated products exported to Saudi Arabia need to be registered by the manufacturer.
- **Shipment Certification**
Regulated products exported to Saudi Arabia need to be inspected for compliance with the SSA prior to shipment.

d) Scope of product

ICCP covers 76 categories;

- Group I - Food and Agricultural (11 categories)
- Group II - Electrical / Electronic products (47 categories)
- Group III - Automobile parts (4 categories)
- Group IV - Chemical products (4 categories)
- Group V - Others (10 categories)

For textiles, only head ware for men, cotton shemagh are covered by Group V - Others.

For tires, Group III is applicable and retread tires (SSA No.1275/1997) are covered by the Group.

e) Applicable standards

Applicable standards shall be SSA or other standards approved by SASO. If no SSA exist, the applicable standards are preferentially the relevant international standards and national standards in the country where the products were made. In this case, climatic and cultural conditions and regulations in Saudi Arabia should be taken into account.

f) Identification Mark of ICCP

ICCP does not specify the markings for products certified. The Certificate of Conformity is issued by SASO.

g) Statistics of registered products

SASO issues "Directory of registered products 1997." The number of registered products is approximately 32,500 in total since the implementation of ICCP. The directory is not always available because the number published is limited.

h) Future work

SASO is thinking of modifying ICCP to make it more flexible and fit for international trade circumstances. The revised guidelines for ICCP named by "COMPREHENSIVE PROCEDURES and GUIDLINE."

1.6.2. Inspection of domestic products

There is no mandatory approval scheme for product safety similar to ICCP for domestic products to check for conformity before shipping them to the market. However, there is a licensing system for the registration of domestic manufacturers at the beginning of production, which is controlled by MOIE. The system aims primarily at the promotion of domestic industrialization. The system includes a check on production ability. SASO contributes to the check on production ability from the technical aspects that are concerned with applicable standards, manufacturing and testing facilities, etc.

There is a committee consisting of the representatives of MOIE, MOC and SASO for supervision of the factories after granting the license. The committee plans to visit factories, except the ones with the Quality Mark Certification, for inspection of the quality system, manufacturing/testing facilities, etc. and will take the samples for testing at SASO. The inspections will be carried out at three or four factories a week. SASO has 29 inspectors qualified who have the right to stop production if nonconformance is found.

There is a problem that not a lot of SSA are published and the follow-up inspection after granting the license is not regular, for examples once a year for electrical/electronic products, tires and textiles. Therefore, there is a flood of

these products with false and imitating description, unsafe and poor in quality in the market as well as imported products with same defects.

The 76 product categories that are covered under ICCP are considered as dangerous products. Therefore, it is one-side treatment that the domestic products of 76 product categories are not inspected and tested in the same way as imported products by means of any mandatory certification system similar to ICCP.

Problems

- Shortage of SSA to be applied
- A very few follow-up inspection after granting the license except for foodstuff
- No scheme for regular inspection in the licensing system

Causes

- No mandatory system similar to the International Conformity Certification Program

1.6.3. Inspection in the market (market surveillance)

MOC is totally responsible for consumer protection. Market surveillance is an important tool for supervising products in the market. Local municipalities primarily conduct surveillance of the shops, restaurants, etc. in cooperation with MOC all year round to check the expired date and spoilage of foodstuff. The municipalities pick foodstuff up as samples and test them in their own laboratory, if necessary.

MOC conducts the surveillance for products other than foodstuff, but not so often. MOC had requested SASO to test fire extinguishers, water storage heaters and room heaters selected from the market in response to complaints. However, SASO has never conducted testing of the tires and textiles during the market surveillance performed by MOC.

The conscientious manufacturers, distributors and retailers as well as consumers seek improvements of the market surveillance to get rid of imitation and/or inferior products in the market.

If the certification/inspection scheme is an upstream regulation in the flow of products, the market surveillance is a downstream regulation. Carrying out only the certification/inspection scheme is insufficient for consumer protection if the market surveillance is not performed well.

Problem

- A flood of fraudulent products in the market

Cause

- Insufficient market surveillance except for foodstuff

1.7. Certification/Registration/Accreditation system

SASO uses the "Quality Mark" system and "International Conformity Certification Program (ICCP)" for products to be put on the market in Saudi Arabia, "ISO9000 Registration" and "Laboratory Accreditation" in addition to publication of SSA. And SASO is now preparing to launch "ISO14,000 Registration."

1.7.1. Quality Mark system

1) Outline

The Quality Mark system is operated by SASO based on Part One of "Quality Mark, Certificate of Conformity and Accreditation of Service Regulation" set up 1405(H)-09-17. The Quality Mark is granted to either domestic products or foreign products complying with SSA so as to enhance the quality of the products. The Quality Mark is not compulsory, but voluntary.

2) Management

The Quality Mark is managed by the Quality Mark and Certificate of Conformity Department.

3) Procedure

The Quality Mark system consists of Pre-License Inspection, Sample Test and Periodic Surprise Inspection according to similar ISO Certification, Type 5. Periodic Surprise Inspections are conducted three times a year for foodstuff and twice a year for other products. And samples picked up during the factory inspection are tested by SASO according to SSA. If SASO is not provided with testing facilities, SASO accepts the test data developed by the manufacturers.

4) Scope of product categories

The Quality Mark is applied to all kinds of products provided that the SSA are applicable.

5) Applicable standards

Only SSA shall be applicable for the Quality Mark.

6) Identification Mark

The certified products can bear the identification mark of the Quality Mark system on the products provided that they comply with SSA. Most consumers do not know about the Quality Mark.

7) Statistics on the Quality Mark issued

There is the "LIST OF LOCAL MANUFACTURING COMPANIES GRANTED

QUALITY MARK" issued by the Quality Mark and Certificate of Conformity Department. The Quality Mark has been granted to 110 companies, but now only 98 companies are still holding the Mark. They include one company making cable conduits, one making washing machines, one making luminaires, one making watt-hour meters, two making water heaters, two making electric refrigerators, three making air conditioners, five making cables, and two making textiles. None of manufacturers of tires could be found in the list due to no local manufacturers of tires. Total number of factories granted Quality Mark is shown in *Figure 1.7.1-1*.

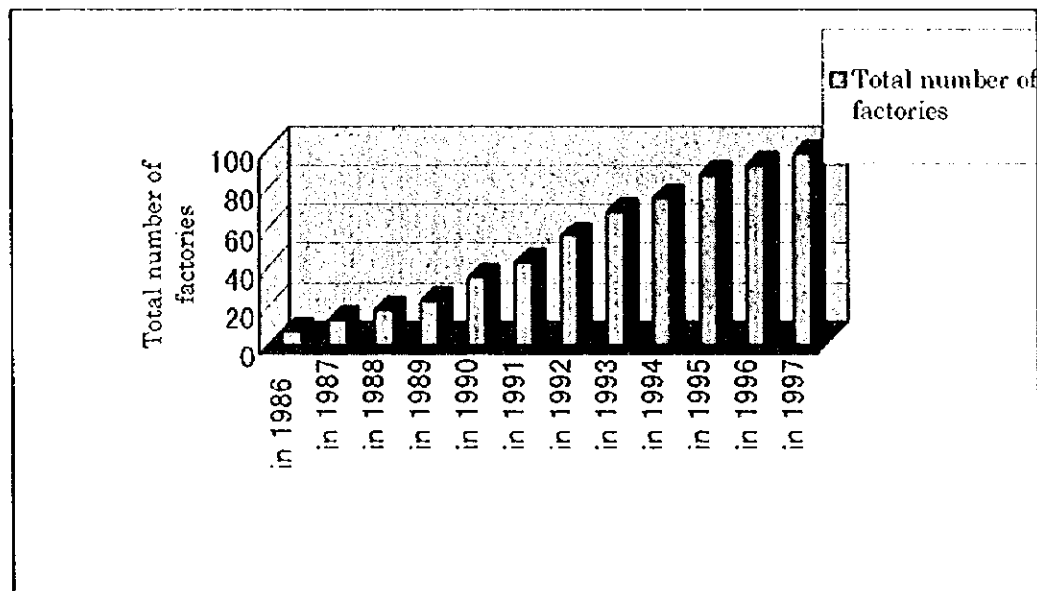


Figure 1.7.1-1. Total No. of factories granted the Quality Mark

8) Promotion of Quality Mark

There are about 2,500 manufacturing companies operating in all sectors in Saudi Arabia. However, only 98 companies have obtained the Quality Mark. Domestic manufacturers do not have any interest in obtaining the Quality Mark. The reason is the Quality Mark is not so popular in the market and short of applicable SSA. Also, it is one of the reasons that small- and medium- size companies do not possess the testing facilities necessary for testing to check the conformity with relevant SSA.

SASO is considering how to increase companies applying for Quality Mark. To promote the scheme on a much wider base it is necessary to some kinds of incentives to the manufacturers who try to obtain the Quality Mark.

From the viewpoint of consumer protection, it is important to ensure the safety and quality of products, regardless of imported and domestic products. The promotion of the Quality Mark leads to the strengthening of consumer protection and also to an increase in the competitive power of domestic products in the international market.

Problem

- The small number of company who have obtained the Quality Mark

Causes

- The Quality Mark not so popular with the public
- Medium- and small-size companies not have inspection/testing facilities
- Shortage of SSA

1.7.2. ISO9000 Registration system

1) Outline

SASO established the Quality System Registration System based on the ISO9000 series in November of 1994 in response to the demand from the industries of Saudi Arabia on a voluntary basis.

2) Management

The ISO9000 registration system is managed by the Quality Assurance Department of Quality Control General Department. SASO provides eight auditors qualified by the accreditation body in the United Kingdom.

3) Procedure

SASO conducts the registration activity based on "REGISTRATIONS FOR THE QUALITY SYSTEMS." The registration is valid for three years from the date being issued. The surveillance audit visits are twice per year at minimum. The procedure for the assessment and registration specified by SASO is harmonized with the international procedure used in other countries. SASO and SASO' auditors are accredited by the accreditation body in the United Kingdom, respectively because the accreditation system has not yet been established in the country.

4) Scope of Registration

SASO can offer registration service to the extent of the following scope.

- a) Food products
- b) Textiles and textile products
- c) Manufacturer of petroleum products
- d) Chemicals, chemical products
- e) Electrical equipment
- f) Manufacturing not elsewhere classified
- g) Construction
- h) Wholesale and retail trade

5) Applicable standards

An applicable standard is the SSA GS ISO9000 standard. This standard is completely harmonized with the ISO9000 series standards.

6) Identification Mark(Symbol)

Companies registered can use the mark under the SASO's authority, but not display it on products or packing material.

7) Statistics of the registration

Up to now, SASO granted registration to 12 companies including those of lubricating oil, scaffolding, chemicals and luminaries. In addition, SASO has now application from more than 50 companies for registration and is in the process of assessing some of them. In most cases, registration is requested by big-size purchasers.

8) Future works

SASO is now preparing to set up a registration scheme for environment protection according to the ISO14000 series standards. Two SASO staff members are already accredited as auditors by the accreditation body in the United Kingdom.

As there is no accreditation body in Saudi Arabia, SASO is now considering the possibility of establishing an accreditation body in cooperation with the other Gulf countries.

Problem

- The small number of company registered

Cause

- No accreditation system established at the national or regional level of the Gulf countries

1.7.3. Laboratory accreditation system

1) Outline

SASO has provided the regulation for the accreditation of laboratories as Part 3 of "Quality Mark, Certificate of Conformity and Accreditation of Services Regulations".

The system would be effective in implementing the law of prohibiting inferior products based on Royal Decree NO.M/11 (1404(H)-5-29) because accredited laboratories can contribute in evaluating of products of manufactures who passively observe the above-mentioned law.

2) Management

The laboratory accreditation system is managed by the Laboratory Accreditation Department. SASO provides about 20 auditors including several ones qualified by NAMAS of the United Kingdom.

3) Procedure

The procedures for the accreditation are summarized in the regulations mentioned in item 1). An assessment team usually consists of two auditors: one auditor from Laboratory Accreditation Department, the other from SASO Labs.

4) Scope of Accreditation

The accreditation scheme applies to both domestic and foreign laboratories. They are independent governmental or non-governmental organizations, or part of them.

The scheme applies to testing and calibration laboratories. Any laboratory as a part of a factory cannot obtain accreditation unless it is licensed according to the regulation as an independent organization.

5) Applicable standards

The requirements for the accreditation are specified in the regulation. They are based on ISO/IEC Guide 25.

6) Statistics on accredited laboratories

According to the "List of Accredited National Laboratories," 10 laboratories, one of them being at a university and the remaining nine being private companies, are accredited. The list includes four calibration laboratories and six testing laboratories: two laboratories for raw materials and metals, and each one of radiation, dosimetry of honey, soil and telephone sets. However, the list does not include testing laboratories of tires and textiles that are in the scope of the Study.

1.7.4. Other activities

SASO contributes to consumer protection or support of domestic manufacturers in doing the following product inspection/testing in addition to the activities mentioned in Clause 1.7.1. through Clause 1.7.3:

- Test for export products according to the standards of the exporting countries
- Test for domestic products to check conformity with SSA according to the requests by domestic manufacturers
- Tests as apart of the market surveillance
- Other tests on request

1.8. Domestic manufacturing industries and product import

1.8.1. Industrial development and import policies

1) Industrial development policy

The overall objective of Saudi Arabia is to transform the economy from overwhelming dependence on the export of crude oil into a diversified industrial economy. The governmental policies on the non-oil manufacturing sector development are as follows :

- a) Increasing the manufacturing capacity to produce at a competitive cost a wide range of products for both the domestic and export market
- b) Widening the country's access to modern technology
- c) Providing domestic manufacturers and foreign investors with many incentives so as to encourage them to promote domestic production. The major incentives are low cost in electricity, land, etc., and governmental support, such as tax reductions, tax exemptions for imported plant equipment, protective tariffs, priority for governmental purchases, etc.
- d) Reducing the dependency on expatriate workers by the creation of technical skills of the Saudi Arabian people

As a result of the above-mentioned governmental policies and its execution, the number of domestic manufacturers has been increasing at a rate of about 10% annually.

Role of MOIE and SASO to promote the governmental policies on the non-oil manufacturing sector

MOIE is the main ministry to promote the above-mentioned governmental policies especially in checking eligibility for granting manufacturing licenses, securing the market for domestic products and supporting the realization of competitive costs for domestic manufacturers. SASO supports domestic manufacturers especially regarding product quality by establishing standards, quality assessment using the Q-Mark system, product testing, etc.

2) Import policy

Excluding a few exceptions, Saudi Arabia has adopted a liberal trade policy and various items are imported from various countries though the Saudi Arabian government has been trying to substitute imports gradually through the use of domestic production.

All goods imported and sold in Saudi Arabia must conform with SSA. Quality control of imported goods are conducted in various ways including ICCP procedures. Their details are described in Clause 1.6.1. in this chapter.

Table 1.8.1-1 shows major commodity imports in millions of S.A.R.

The total money amount of 105 billion S.A.R. in the table is more than 4 times larger

than the Saudi Arabian GDP in the non-oil private manufacturing sector which is about 24 billion S.A.R. in 1991 (Source : ARC Report 1997). These figures show the country's dependence on imports.

Table 1.8.1-1. Major commodity imports in 1995 (Source : Import Statistics 1995)

<u>Commodity</u>	<u>million S.A.R.</u>
Foodstuffs	17,171
Textile & Clothes	7,913
Medicine	2,813
Chemical Products	9,551
Wood & Wood products	1,592
Jewelry	4,237
Base Metals & Metal Articles	10,857
Electrical Machines, equipment & tools	23,020
Cars & Spare parts	6,294
Other transportation means/equipment	8,293
Others	12,861
Total	105,187

1.8.2. Domestic manufacturing industries

Increase in domestic manufacturers

Table 1.8.2-1 shows the increase in the number of productive domestic factories. There were 2,234 productive factories including 338 joint companies with foreign investors in 1993 and, in 1997, the total number of productive factories is said to have reached about 2,500. However, the statistics of the total domestic production amount by manufacturing industry and their market share have not yet clarified.

Table 1.8.2-1. The number of productive domestic manufacturers
(Source : Ind. statistics bulletin 1995 MOIE)

	1985	1987	1989	1991	1993
Domestic manufactures	1,416	1,600	1,818	2,025	2,234

Their distribution regarding each product category is shown in *Figure 1.8.2.-1*.

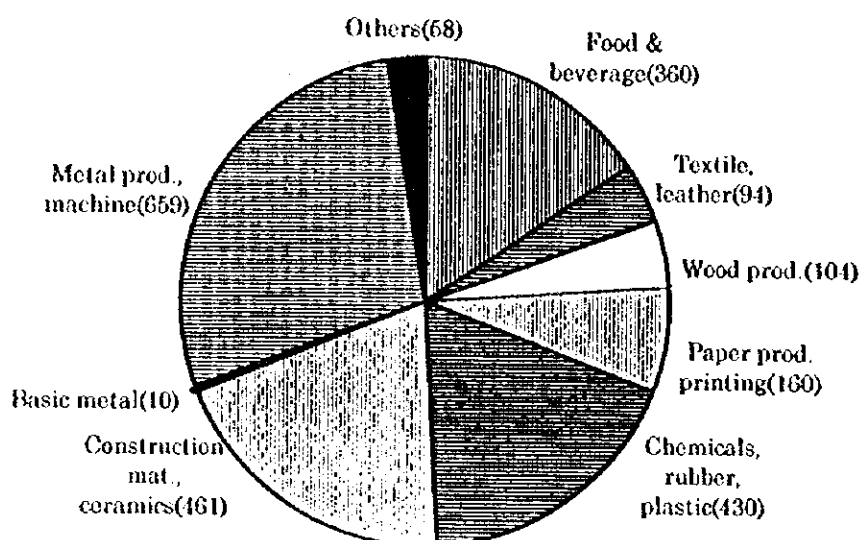


Figure 1.8.2.-1. Distribution of productive licensed manufacturers in 1995 (MOIE)

The current situation of domestic production regarding product groups for the in-depth study is as follows :

Electric/Electronic product manufacturers

The electric/electronic product manufacturers are included in the metal product & machine group in this figure. Saudi Arabia concentrates its domestic manufacturing of electric/electronic products on certain product categories. Among approximately 100 manufacturers of electric/electronic products, there are more than ten manufacturers in each product group of water heaters/coolers, air conditioners/desert coolers, refrigerators, electrical switch boards, lighting fixtures (including road illumination) as well as pumps. All these products seem to have a big domestic market demand including governmental purchases. The market share of domestic air-conditioners is 70 to 80% and domestic refrigerators are beginning to replace imports. However, the number of electronic product manufacturers still does not amount to many.

Tire manufacturers

Tire manufacturers are included in the chemicals' rubber & plastic group in this figure. There are only three retread tire manufacturers for trucks/buses and all the new tires are imported and most of the market demand for tires is supplied by imports.

Textile product manufacturers

The textile products manufacturers are included in the textile, leather group in this figure. There are about 26 manufacturers of apparel, three for tents, one for curtains and four for carpets/rugs.

Findings on domestic manufacturing from factory visits and the relating information

During the Study, the Team visited two air-conditioner manufacturers (joint companies with famous foreign manufacturers), a big uniform manufacturer, large and medium-size lighting fixtures manufacturers, a retread tire manufacturer and a tent manufacturer. The factories visited by the Team are listed in *Table 1.8.2.-2*.

Table 1.8.2.-2. A List of factories visited

Name of company (Main products, location)	Quality control, test facilities etc.
(Electric/Electronic products)	
1) Select Saudi Factory for Electrical Appliances Company Ltd. (Air conditioner, Jeddah)	Good quality control with enough testing facilities and technical cooperation with foreign companies
2) Zamil Air-Conditioner Factory (Air conditioner, Dammam)	Ditto above, ISO9002 granted
3) Saudi Lighting Company Ltd. (Riyadh)	ISO9001 granted, Q Mark granted
4) Pan Lighting Factory (Riyadh)	Assembling work without testing facility
(Tires)	
1) Ring Tread Systems (Retread tires for B/T, Riyadh)	Good quality and process control
(Textile products)	
1) Cleopatra Uniform Factory (Uniform, Dammam)	Good quality control & hard competition with imported products in price
2) Ali-Tamimi Sons Co. (Tents, Riyadh)	Good quality control in cooperation with the SASO laboratory

Findings from the visits and additional information from various sources are summarized as follows :

1) Quality control of products

Quality control of domestic products both in the factories and in the market is important for better consumer protection. The big manufacturer has enough facilities for quality control of their products. On the contrary, the middle and small size manufacturers do not have enough testing facilities. According to recent newspapers, illegal factories which manufacture fake food and textile products of famous brands have increased near big cities and have been raided by police. Refer to Annex 1.7. The fake or inferior products should be controlled strictly in the market.

2) Certification of product quality

The products distributed in the Saudi Arabian market should conform with SSA, but, at the present moment, among the 2,500 productive domestic manufacturers, products of only 98 companies are guaranteed for their standard conformity officially by SASO adopting the Q-mark system.

3) Distribution of inferior materials and parts

The good manufacturers suffer greatly from the unfair competition. The domestic manufacturers use many imported materials and parts. Among those imports, alleged fake and inferior electric/electronic parts are very common. Some electric appliance manufacturers using these materials and parts sell their products at cheaper prices.

1.8.3. Product import

Excluding a few items such as petroleum, petrochemical products, cement, etc., Saudi Arabia depends on imports for necessary productive and consumer goods. Securing the amount and quality of the imports is a major administrative subject for the government. *Figure 1.8.3-1* shows the total amount of imports coming into Saudi Arabia especially those of textiles/clothes, cars/spare parts and electric machines/equipment/tools.

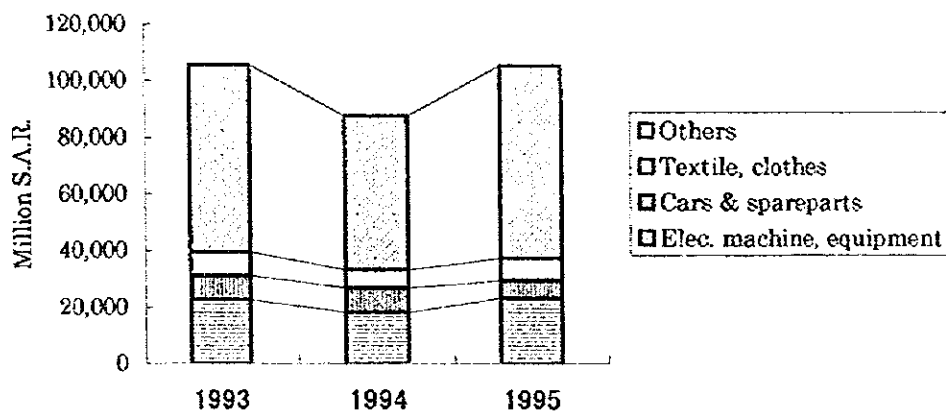


Figure 1.8.3-1. Saudi Arabian imports in recent 3 years

Due to the Saudi Arabian liberal import policies, many kinds of goods are imported from various countries. For example, major exporting countries of washing machines, tires and textile products are shown in *Figure 1.8.3-2,3,4* respectively. As shown in the figures, various products, from high grade and famous brands to popular and cheap products come from various countries.

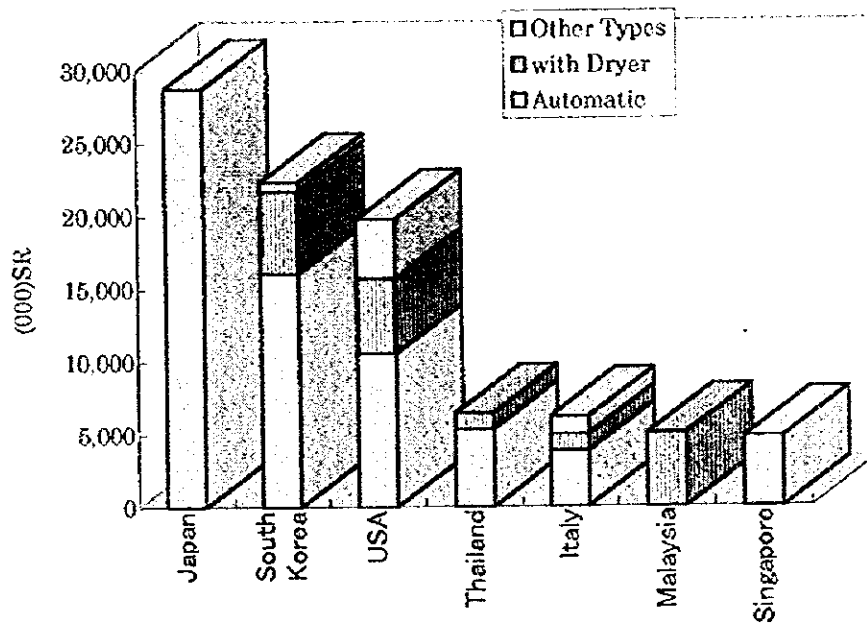


Figure 1.8.3.-2. Major exporters of washing machines

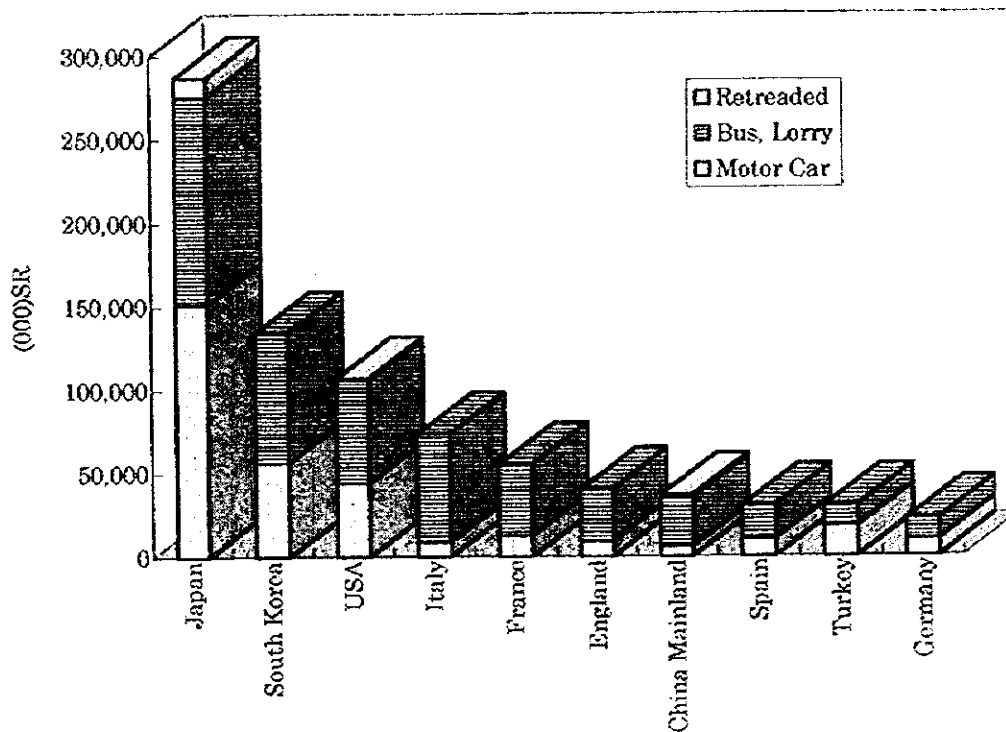


Figure 1.8.3.-3. Major exporters of tires

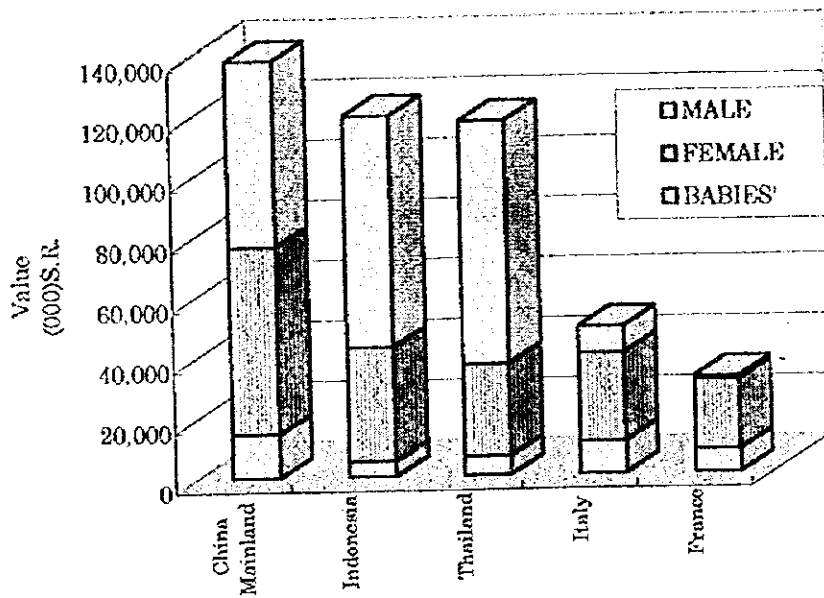


Figure 1.8.3-4. Major exporters of garments

The major exporters of tents and curtains are shown in *Figure 1.8.3-5,6*. Pakistan is the biggest exporter for tents. The flame retardant ability of which is very important for fire protection.

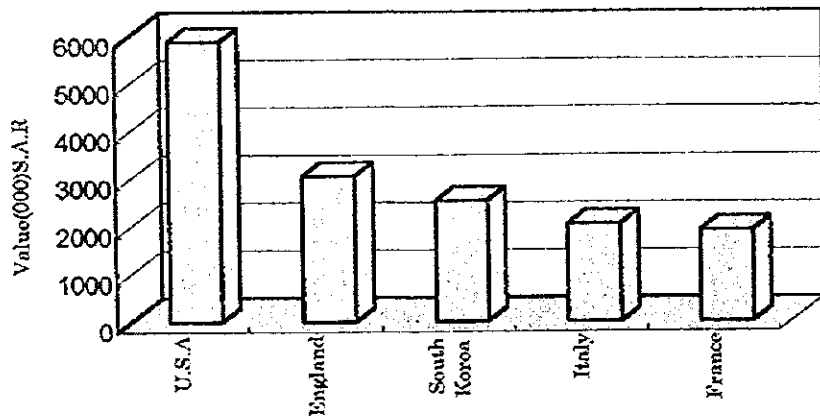


Figure 1.8.3-5. Major exporters of curtains

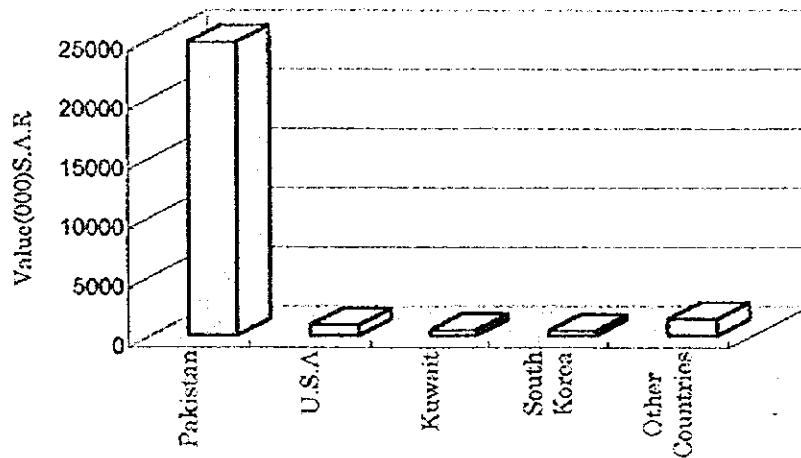


Figure 1.8.3-6. Major exporters of tents

As a whole, many products which do not fit Saudi Arabian environment or standards, and some products which are low in quality or are fakes or imitations are found among the various imported products.

(Source of Figure 1.8.3-1 to 6: Import statistics 1994, 1995)

1.9. Market, distribution

Findings based on the market survey in the first and second field works are summarized as follows.

1) The distribution routes of goods in the market for non-governmental use are as follows :

- a) Importer → Wholesaler → Retailer → Consumer
- b) Importer & wholesaler → Retailer → Consumer
- c) Importer, wholesaler & retailer → Consumer
- d) Manufacturer → Wholesaler → Retailer → Consumer
- e) Manufacturer & wholesaler → Retailer → Consumer

Route b) is likely to be the most common for imported products.

Most of the enterprises engaged in the distribution business are individual or family owned ones. The number of retail shops is increasing and competition among them is becoming very severe.

2) Consumer's behavior regarding the product purchase

When purchasing products, most consumers are likely to be only conscious about the price and the country of origin as an indication of their quality. They seldom ask sales clerks about actual quality, usage/maintenance and guarantee. Usually, names of importers and inspection procedures of products such as ICCP are not clear for consumers because the imported products do not bear such markings. Only some domestic products that have been granted Q mark have the identification marking.

3) Findings regarding electric/electronic products

- a) Many products with inferior quality which do not conform to the relevant standards and with fake or misleading indication are being sold in the popular markets (in some souks). Among them are products with misleading indication such as 'Designed in Japan', and very small-size lettering regarding the country of origin and so on.
- b) There are many cases in which the plug of an appliance does not comply with the configuration requirements of the relevant SSA. As a result, many types of adapters are being circulated in the market. The safety of the adapters is in question because SSA is not published for the configuration adapters.
- c) Some products with supply voltage selection switches and with plugs which do not conform to standards may lead to misuse of supply voltages. And also some appliances are designed for rated voltages of other than 127V or 220V such as 110V, 240V.
- d) Many manuals for imported products are written in English not in Arabic.
- e) Domestic products are increasing especially for products having a big domestic and GCC market such as air-conditioners, refrigerators, etc.
- f) Big importers for famous brands have a well arranged service network. However, the ability of repair technician in small shops is said to be not enough.
- g) Fair importers are suffering losses from fakes and imitations and also from products imported by some small importers who can sell at cheaper prices without any investment regarding after-sale service.

4) Findings on tires

- a) Most of the tires sold in retail shops are new imported tires. Domestic retread tires are sold mostly for truck transportation companies from retread tire manufacturers on a contract basis.
- b) Big importers for famous brands prepare education material for proper use of tires, provide after-sale service and provide training for big users.
- c) At the time of purchase, most consumers are likely to be only interested in the price presumably because of lack of knowledge about importance of tires for traffic safety.
- d) Most of the imported tires have no manuals in Arabic.

5) Findings on textile products

- a) Many garments with wrong indication regarding fiber composition, with improper labeling such as double labeling of a different country of origin and no labeling regarding care method are becoming commonplace even in high-class shopping centers.
- b) Only a few companies have quality control facilities.
- c) At the time of purchase, most consumers do not ask for the care method. The country of origin is the determining factor to evaluate product quality.
- d) For general types of tents, flame retardant fabrics are mostly not much used according to a market survey in a tent souk in Riyadh.
- e) The fiber composition and the country of origin are not indicated on some of the

fabric rolls or bolts.

- f) One garments shopping center in Riyadh handles only well quality controlled garments and gives each customer a card stating a guarantee to exchange defective products or any product if within three days of purchase. The rear side of the card explains what care marks indicated on garments mean. This tendency seems to be favorable for consumer protection.(Refer to *Figure 1.9.-1*)

Front page
of the tag

Dear Customer :

THANK YOU for shopping at FASHION CENTER

If for any reason, you wish to exchange your merchandise :

- 1- Make sure you retain your invoice, stapled to your Fashion Center plastic bag.
- 2- Do not remove the Fashion Center price tag.
- 3- Return the merchandise within 3 days of purchase.

No exchange will be accepted on lingerie and Fashion Center accessories.

Management reserves the right to refuse any exchange.

زبائننا الاعزاء :

نشكركم على تسوقكم من فاشن سنتر.

في حالة وجود سبب جوهري لاستبدال قطع من مشترياتكم يجب مراعاة الآتي :

- ١ - تقديم فاتورة (ايصال الدفع) والمثبت مع كيس فاشن سنتر.
- ٢ - عدم نزع التثبيت المسجل عليه السعر والرقم والمثبت على البضاعة نفسها.
- ٣ - استبدال البضاعة خلال ٣ ايام من تاريخ الشراء. علماً بأن جميع الملابس الداخلية والاكسسوارات غير قابلة للاستبدال بتاتا ولاي سبب كان.

وللادارة الحق في رفض استبدال أي بضائع .

MANAGEMENT

fashion center

الادارة

Rear page
of the tag

CUSTOMER INFORMATION

Cotton is a natural fiber very well suited to our climate. Therefore, Fashion Center brings you a wide selection of 100% woven and knitted cotton garments - dyed in various colours and prints for your satisfaction.

With solid colours, you will find that normally the extra dye will run during the first few washes.

To avoid damage to your laundry, we suggest you wash each item separately.

Each garment has a sewn-in washing care label as follows:

Do's

1- For washing (by hand or machine)



١ - للغسيل باليد او بالماكينه

2- For bleaching



٢ - فبييض الغسل

3- For ironing



٣ - بحكري الغسيل

4- For dry cleaning



٤ - للغسيل على الحامض

5- Tumble drying beneficial but not essential



٥ - التجفيف بالمرح ملبد ولكن ليس ضروريا

ارشادات لمحضرات الزبائن:

ان القطن مادة طبيعية تتلامح معنا مع مناخ بلدنا، ولذلك فان فاشن سنتر يقدم لكم تشكيلة كبيرة من انواع الملابس القطنية 100% المنسوجة والمنسوجة بالقران وبغرض مختلفة لارضاء كافة الاذواق.

بالنسبة للالوان السادة يستبدون ان الصبغ الرائد سيذول بشكل طبيعي في مرات الغسيل القليلة الاولى.

* ونشاهي ان تفرغ فاشن سنتر من كل قطعة على حدة.

كل قطعة لها ملصق خاص بالتعليمات للغسيل على الشكل التالي :

Don'ts

1- Do not wash



١ - لا تغسل

2- Do not use Chlorine Bleach



٢ - لا تستخدم بيض كلوري

3- Do not iron



٣ - لا تحكري

4- Do not dry clean



٤ - لا تغسل على الحامض

5- Do not tumble dry



٥ - لا تجفف بالمرح

Please, do read and follow these instructions carefully to ensure a long and lasting wear of your garments.

الرجاء قراءة هذه التعليمات واتباعها بدقة لضمان عمرا اطول لملابسكم.

fashion center
فاشن سنتر

رضاكم يأتي أولا

تخضع بضائعنا في مراحل تصنيعها المختلفة لإشراف صارم على الجودة

ولهذا يسعدنا

أن نستبدل أي قطعة ملابس تشترونها من معرضنا ثم على غير المتوقع، تكتشفون فيها عيباً ما خلال عمرها الافتراضي شكراً لتسوقكم من فاشن سنتر وتطلع خدمتكم دائماً

Store policy

Your Satisfaction Comes First.

Our merchandise is manufactured under strict quality control.

Should a manufacturing defect appear during the normal life time of any of our products we shall be pleased to exchange it.

Thank you for shopping at Fashioncenter. We look forward to serving you again.

Figure 1.9-1. A guarantee tag with educational note for consumers