

# PHILIPS

## A Practical Business Perspective on the Goods Package for the EU Internal Market

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Intellectual Property & Standards

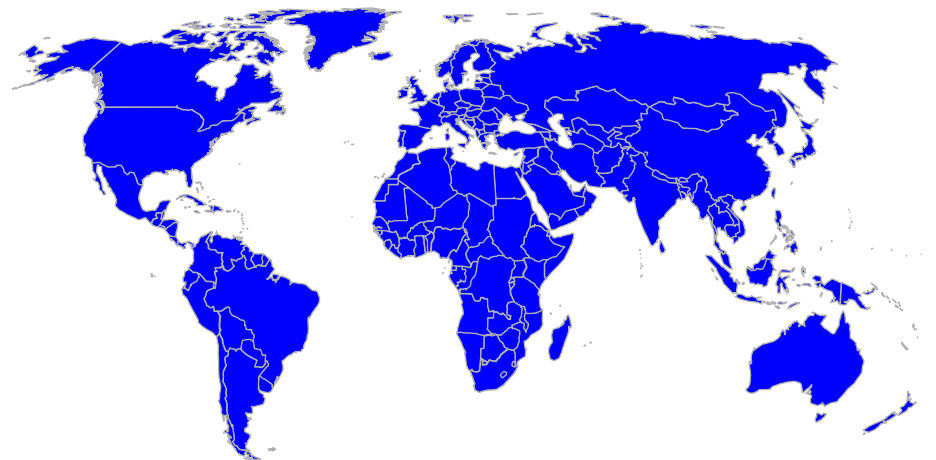
5 June 2007

## Royal Philips Electronics

- One of the largest global electronics companies  
2006 sales EUR 27 Billion
- Founded in the Netherlands, 1891
- R&D expenditures EUR 1,6 Billion  
Strong EU centre of gravity
- Multinational workforce of 124,300
- Active in Healthcare, Lifestyle and Technology
- Manufacturing sites in 28 countries,  
sales outlets in 150 countries

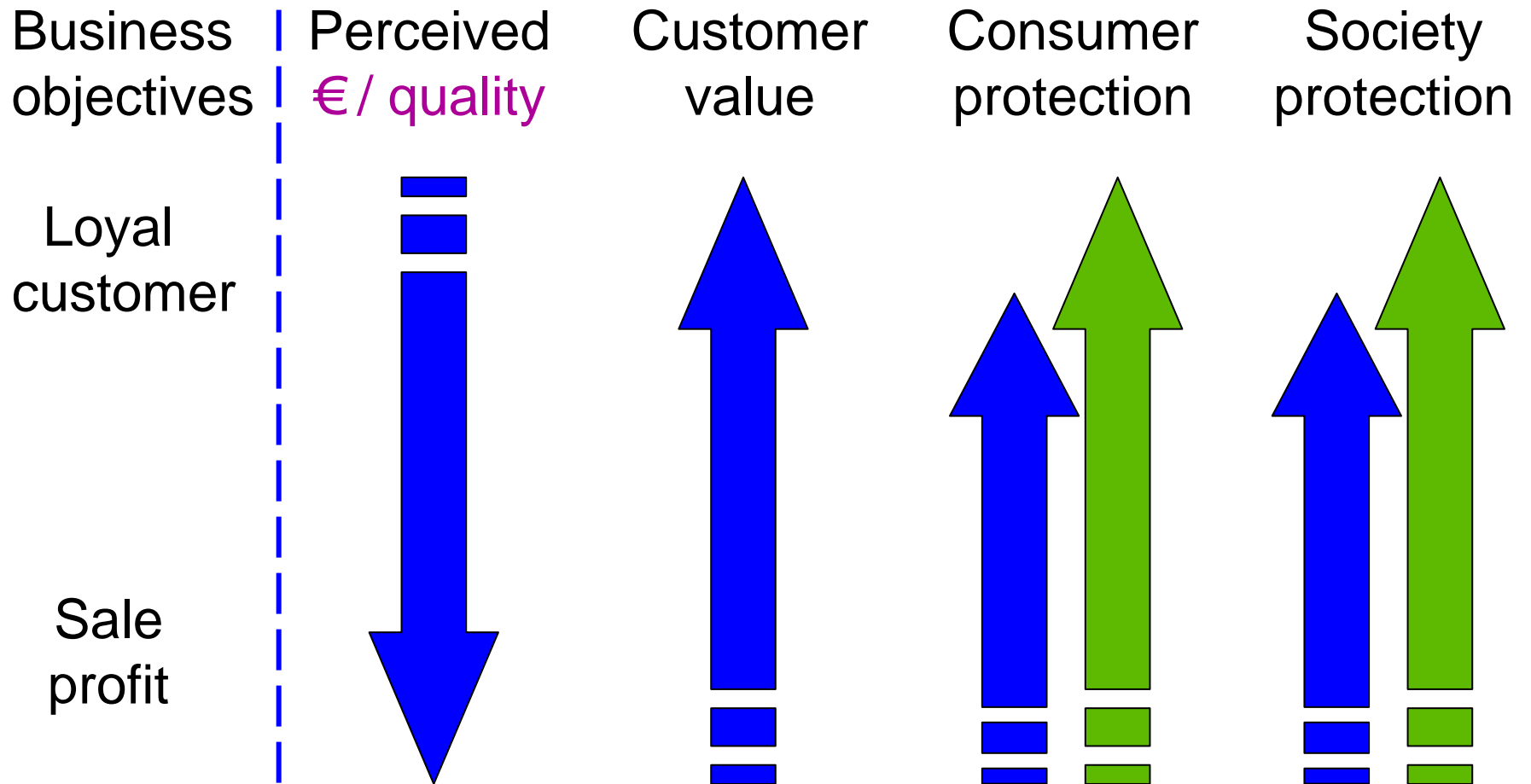
Headquarters:  
Amsterdam, The Netherlands

A leading Europe rooted  
**global** company

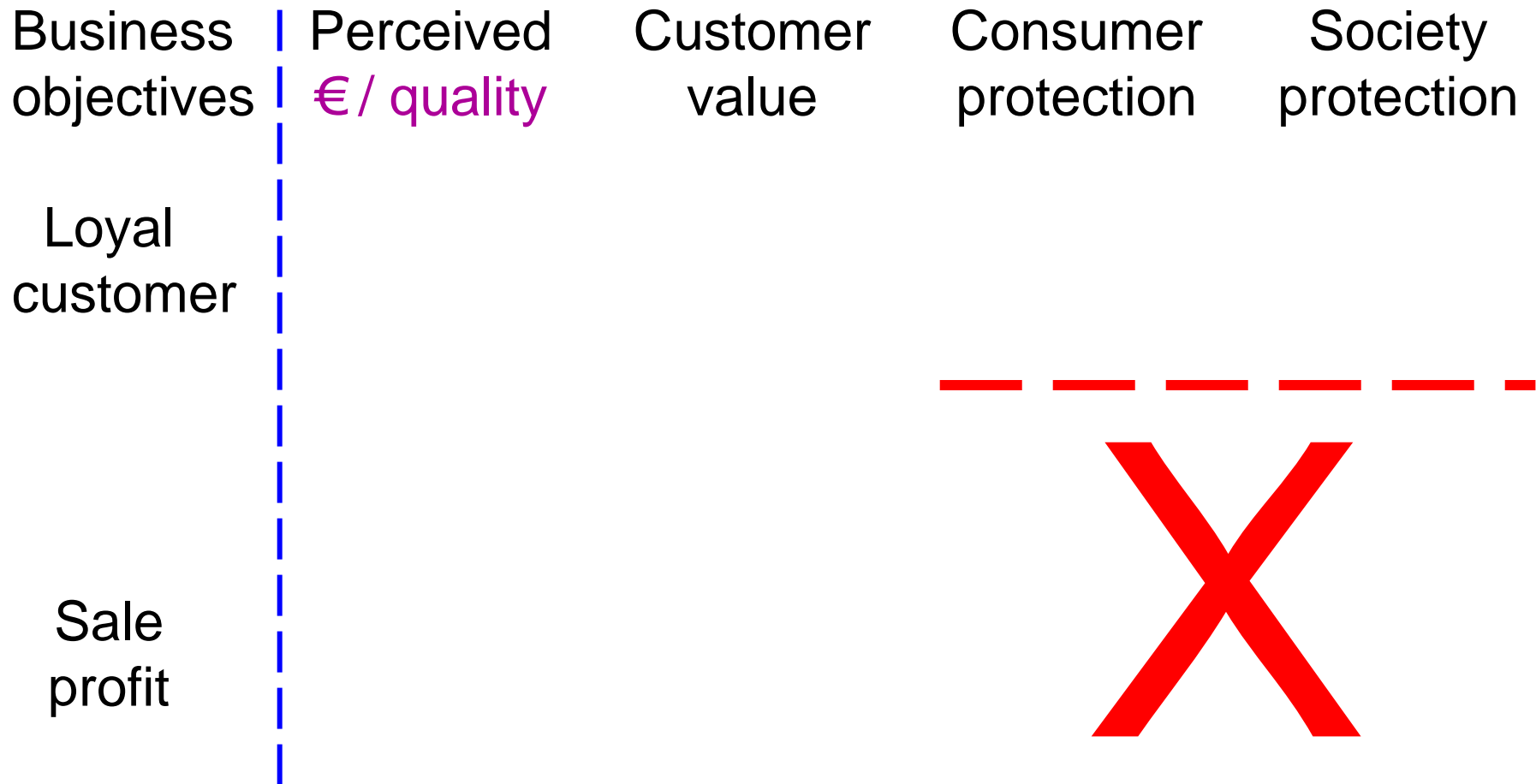


# Marketing of products

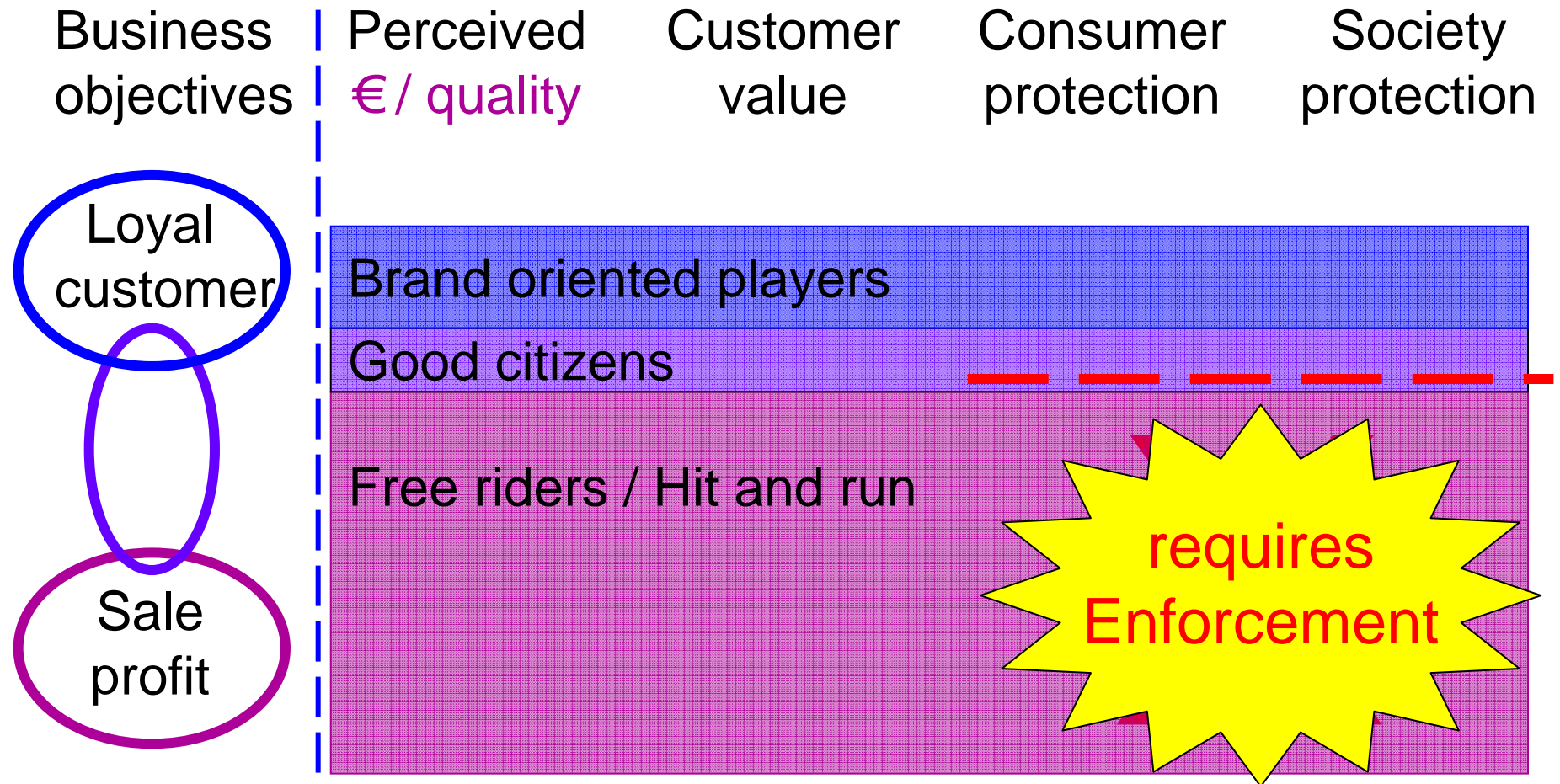
Market pressures  
Authorities pressures



# Regulation



# Some business strategies

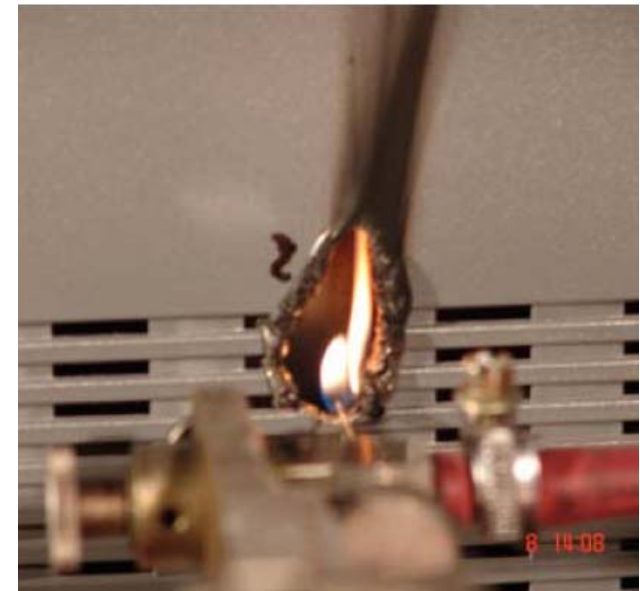


## Example - TV fire hazard reduction

- ‘Good’ inflammables cost matches 5 - 8 times the profit margin
- 2002 – Philips + 3 voluntarily agree to much better material for ‘thick’ TV
- 2003 – Philips (only) voluntarily applies for flat TV
- Since then Philips strives to standardize at this protection level

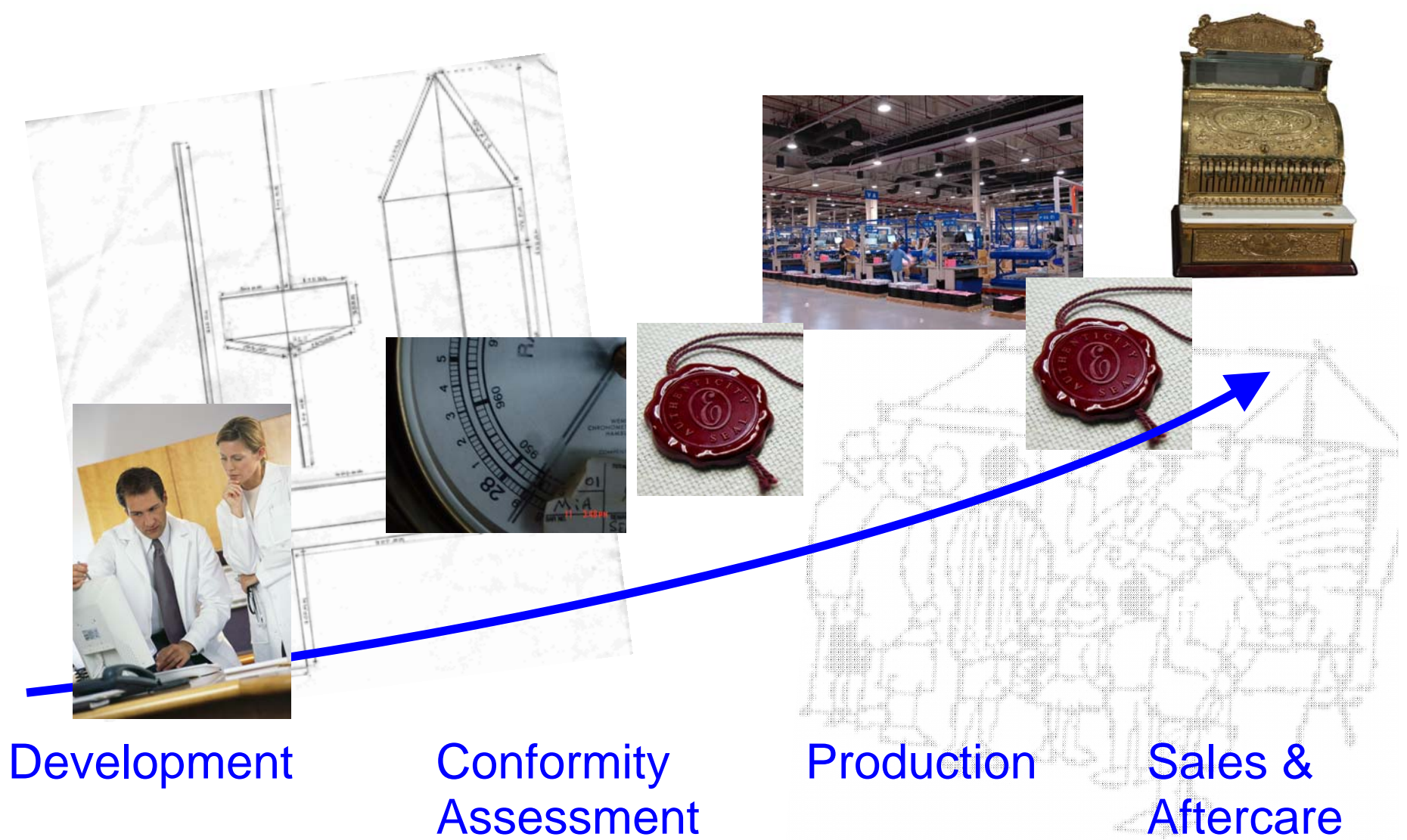


‘Standard’ HB40  
protection only



V1 protection

# A global business view of technical regulation



Development

Conformity  
Assessment

Production

Sales &  
Aftercare

# A global business view of technical regulation



Requirements

Procedures

Fair play?

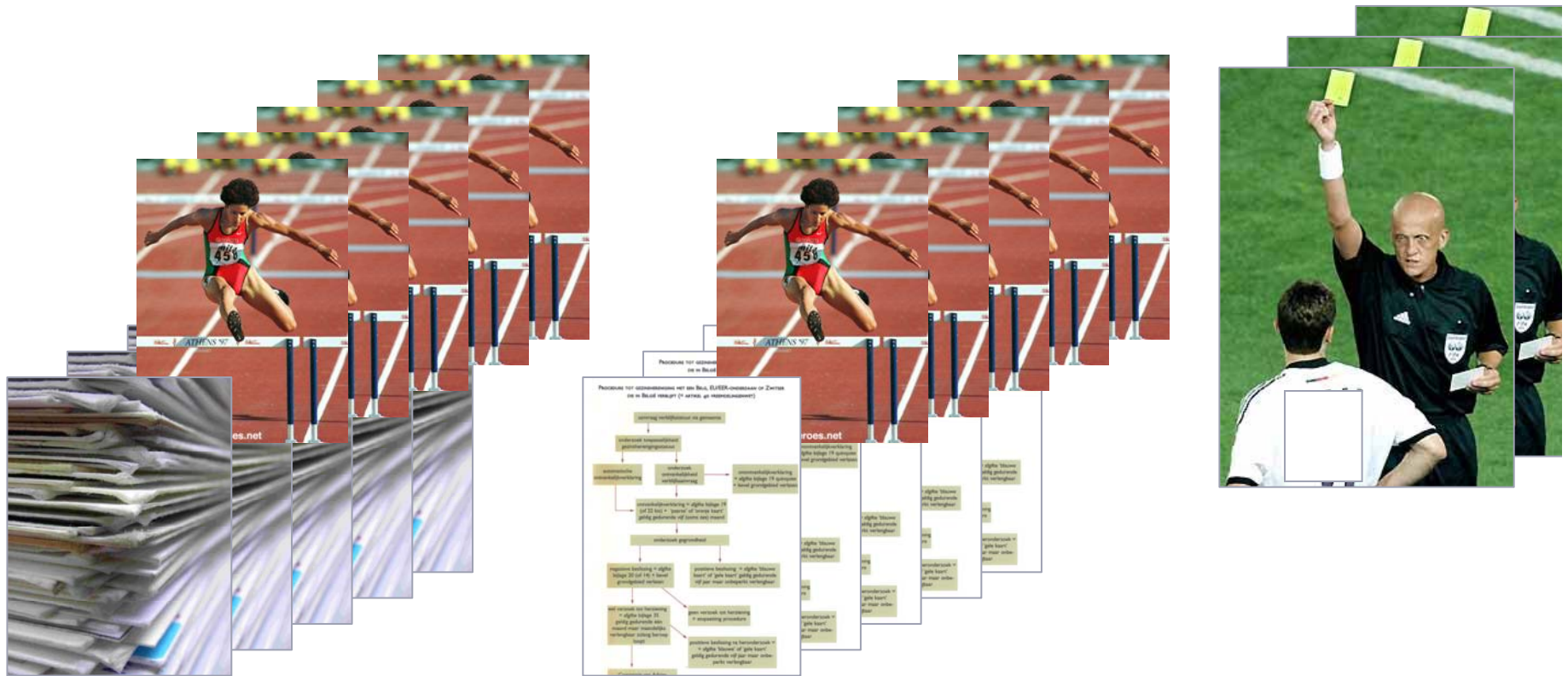
Development

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# A global business view of technical regulation



Requirements

and Procedures .... **specific per country**

Development

Conformity

Production

Sales

Assessment

## Philips facts & figures on regulation - 1

- Every Philips Division has an extensive **Quality & Regulation** organisation.
- **150 - 200** Philips employees are active in external formal standardisation of whom **25 - 40** full time.
- Philips maintains an internal standards web site @ **1.2 M Euro / yr.**  
It holds **14.000** standards.  
About **2000** active users in Philips download **480** standard documents per working day.

## Philips facts & figures on regulation - 2

- About 50 standards (total 7.500 pages) are relevant to the development and manufacture of a TV; and similarly for a hospital MR-scanner. For MR-scanners some EU member states still require different standards e.g. UK, Germany.
- Philips spends 25 M Euro / yr = 1.5 % of R&D on Conformity Assessment alone.
- Conformity Assessment for a TV in Europe takes about 6 weeks; with internal test / self-declaration reduction to 3 - 4 is possible. | One week delay in the critical phase may mean missing the sale season.

# A Global Business **needs** in technical regulation

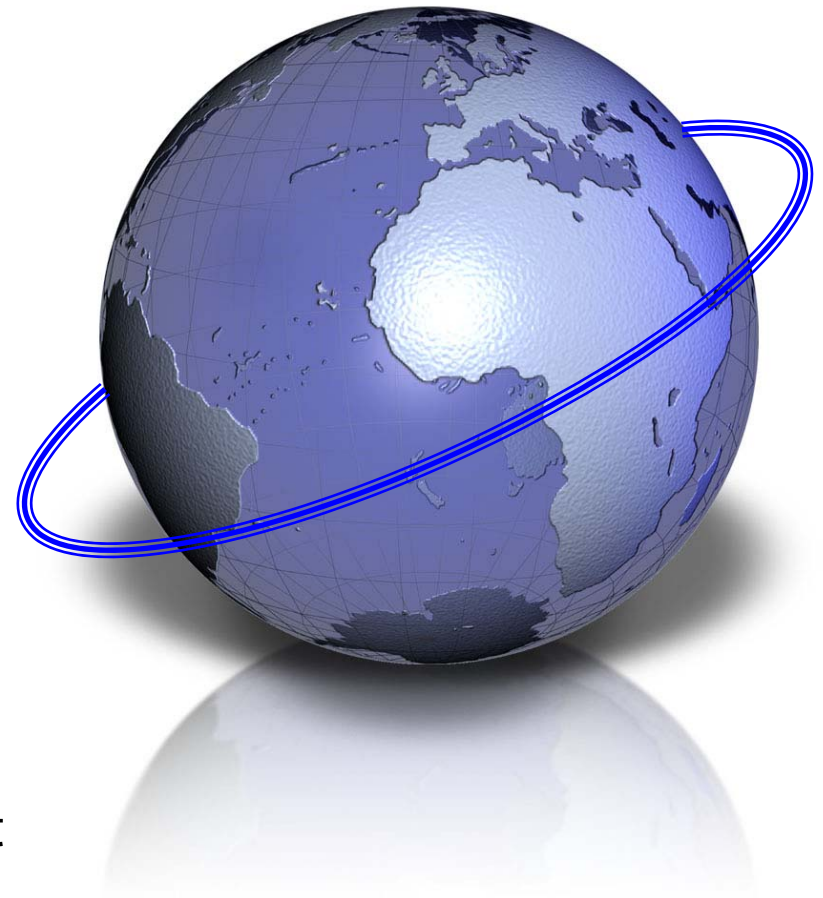
- Sense & simplicity
- Level playing field
- Global Uniformity

## Our dream

One set of requirements – One test –  
One Procedure – Global market access

## What can the EU do

- Enforcement of present EU regulation
- Further improve EU regulation
- Promote harmonization in global context



## EU internal market for goods today

- EU booked **great achievements** since late 80's – we now enjoy a real single goods market
- New Approach is **best in class** and has been instrumental
- Further improvements needed

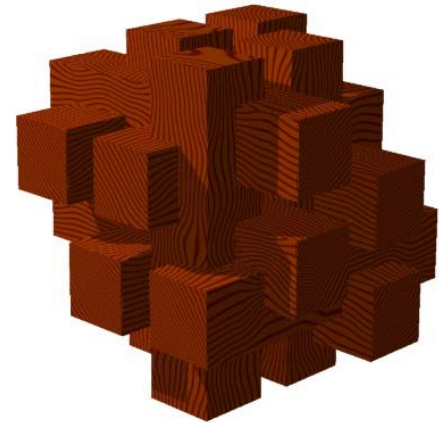


One Goods Market



# EU Harmonised domain improvement priorities

- Better regulation: good for business **and** society
- Conformity Assessment
  - Self Declaration (Module A) = default
  - Equality of know-how and execution across EU
  - ‘Mutual Recognition’ of the outcomes
- Procedural homogeneity between directives
- Enforcement
  - National transposition
  - Actual implementation ‘on the ground’
  - Market surveillance
  - Corrective measures against unsafe products **and** free riders
- **We welcome the ‘Goods package’** and have a few further suggestions
  - COM 2007/53, COM 2007/37 and COM 2007/36



# Suggestions IM Goods package - highlights

## Decision COM 2007/53 Common framework

- Ensure rapid implementation, also for existing directives
- Ensure uniform outcomes across EU when an MS bans a product from market
- Keep internal control and self declaration as preferred CA
- Avoid unnecessary administrative procedures for economic actors

## Regulation COM 2007/37 Accreditation & surveillance

- Better one regime than 2 (GPSD exemption)
- Avoid unnecessary administrative procedures for economic actors

## Regulation COM 2007/36 Mutual Recognition

- Re-emphasise authorities burden of proof upon overruling of MR principle
- Better one regime than 2 (GPSD exemption) – fix for fast track risk reduction