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CEOC

THE EUROPEAN CONFEDERATION
OF ORGANISATIONS FOR
TESTING, INSPECTION,
CERTIFICATION
AND PREVENTION

IN BRIEF

Next CEOC Reception

The next annual CEOC Reception will take place in the beautiful Bibliotheque Solvay (in the Park behind the European Parliament), Brussels, in the evening of 1st Dec. 2004.

Further details will be published in time and will be sent out to our major contact partners and members by mail.

Annual Report 2003/2004

CEOC's Annual Report 2003/2004 will be published and disseminated to all our contact partners at the CEOC reception and by separate post.

Proposal for a European Directive on SERVICES IN THE INTERNAL MARKET



Dr. Hugo Eberhardt - CEOC President

In March 2004 the EU Commission has published a highly controversial paper, the Proposal for a European Directive on Services in the international market - (COM (2004) 2 final/3). This draft has, for the first time in the history of the European Union, led to a major demonstration against an EU Commissioner in Brussels.

Aim and objective of this draft directive is to liberalise and to deregulate a wide variety of economical service activities in the enlarged Europe, except those services for which specific legislation already exist, e.g. the transport sector, financial services and telecommunications. This project aims for the free movement of services with free competition but it neglects other criteria such as quality, safety, country or regional specific peculiarities and cultures.

The most critical part of the proposal is the application of the so-called country of origin principle, according to which a service provider is subject only to the law of the country in which he is established. Member States may not restrict services from a provider established in another Member State. This principle is accompanied by derogations which are either general or temporary or which may be applied on a case-by-case basis.

The main argument for such a directive is the process of economic reform launched by the Lisbon European Council with a view to making the EU the most competitive and dynamic knowledge-based economy in the world by 2010.

In reality this directive aims for the implementation of low-level quality activities by the prohibition of certain national particular legal requirements - pretending to eliminate the obstacles to the free movement of services.

This proposal shall cover activities of freelancers, such as management consultants, architects, engineers, legal advisors, but also service activities that provide for technical inspection and testing. Also included are services for the protection of environment, security firms, medical services, retail trade, even craftsmen services would fall under this directive.

The time limit is set to 2010, a short period for the elimination of a large part of national law in 25 member countries in order to deregulate the market!

Presently a number of proposals from member states exist which types of activities shall explicitly be excluded from the directive. In total, nearly all branches are excluded as each of the member states proposed the exclusion of different sectors. The amount of the wished exemptions clearly shows to what extent the EU Commission wants to intervene in the economic and social structure of its member states.

The proposal for this directive goes far beyond the existing EU legislation. One has to take into consideration that where a service activity is already covered by one or more Community instruments, this directive and those instruments will all apply

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CEOC mission statement

Promoting safety of technical systems through independent inspection and certification

cumulatively, the requirements laid down by one adding to those laid down by the others. (p.13, pt.5). Consequently, this directive can lead to a tightening even in those areas already under the single market program.

Section 3 - Requirements prohibited or subject to evaluation - describes in Art. 14 and 15 some nearly unbelievable requirements for the EU member states.

Member States may not make a service activity in their territory depending on "discriminatory" requirements, e.g. an obligation to provide or participate in a financial guarantee or an obligation to have exercised the activity for a given period in their territory.

Member States shall further on examine whether their legal system makes no discriminatory requirements, e.g. an obligation on a provider to take a specific legal form, an obligation to hold a minimum amount of capital for certain service activities or to have a specific professional qualification in order to hold capital in or to manage certain companies; requirements fixing a minimum number of employees.

The directive will have a strong (negative) influence on non-profit organisations and enterprises that are not in line with the new EU concept. As already described will the country of origin principle turn out to

be the change from our constitutional states to chaos!

Chapter III - Free movement of services - describes in section I the country of origin principle and aggravates the requirements on the freedom of establishment described in Chapter II.

The above mentioned articles 14 and 15 eliminate several possibilities for regulations and create attractive stimulations for a transfer of establishments. With the country of origin principle another quality of deregulation comes into play.

Member States shall ensure following art.16 that providers are subject only to the national provisions of their Member State of origin. A further examination by the country receiving the service is not provided for - as it is the sole responsibility of the country of origin to supervise the provider and the services provided by him, including services provided by him in another Member State.

This principle would create enormous administrative efforts - not to talk about linguistic problems - but no effective control, comparable to the market surveillance, that for similar reasons laid down in the New Concept is not or at least not sufficiently working.

The low level of interest of the EU Commission to assure an effective control by the authorities becomes obvious in Chapter V of the proposal where measures

are planned that will not work sufficiently - see market surveillance and safe guard clause - even after 10 years of experience.

The impact of this directive on the activities of conformity assessment bodies, i.e. testing, inspection and certification bodies, is very high. Especially the inspection bodies with their highly qualified experts have over many decades helped to assure a high technical safety of installations for the welfare of our society. By the new draft directive the quality of our services and the safety of plants are in danger to be lowered due to a lack of sufficient approval procedures and the examination of foreign unknown bodies.

This directive may bring some advantages for several internationally active conformity assessment bodies but it could lead to an unmanageable number of service providers who offer cheap services (as there are no real obligations) with a bad quality.

The accreditation of conformity assessment bodies could be used as an argument but accreditation is in many cases not mandatory for testing, inspection or certification activities. In contrary, this evidence of competence has in many cases been disregarded by authorities.

In order to avoid in the near future a chaotic situation in the European service sector this proposal for a directive on services in the internal market has to be modified rigorously.

The dynamics of the proposal can be summarised as follows in the table:

1 year after adoption (scheduled: 2005)	Deadline for transposition (scheduled: 2007)	Not later than 31 December 2008	1 Jan. 2010	No specific deadlines; according to needs	As Community-level harmonisation progresses
Commission proposals for additional Harmonisation (Article 40) on: <ul style="list-style-type: none"> - cash-in-transit, - gambling, - judicial recovery of debts. 	Elimination of prohibited requirements (Article 14) Elimination of restrictions to free movement (Chapter III) except in the case of transitional derogations (Article 18) or those referred to in Article 17 - Harmonisation of authorisation schemes (Articles 10-13) - Harmonisation of the quality of services (Chapter IV) - Mutual assistance (Chapter V) Mutual evaluation: <ul style="list-style-type: none"> - report by each MS on the evaluation of requirements in its own legal system (Articles 9, 15 and 30), - each MS reacts to the reports by the other MS within six months. 	<ul style="list-style-type: none"> - Single points of contact (Article 6) - Right to information (Article 7) - Procedures by electronic means (Article 8) Mutual evaluation: <ul style="list-style-type: none"> - summary report by the Commission, accompanied where appropriate by proposals for additional initiatives (Article 41). 	End of transitional derogations from the principle of country of origin (Article 18(2)) for: <ul style="list-style-type: none"> - cash-in-transit, - judicial recovery of debts. 	Implementing measures (comitology) (Article 42) <ul style="list-style-type: none"> - procedures by electronic means - assistance for recipients - information on service providers and their services - professional insurance and guarantees, - mutual assistance - mutual evaluation. Identification of the need for new initiatives (Article 40(2)) as a result of: <ul style="list-style-type: none"> - experience of derogations on a case-by-case basis, - lack of codes of conduct. Revision of the acquis in the area of consumer protection and the follow-up to the Commission Action Plan on contract law.	The scope of derogations from the country of origin principle as regards contracts concluded by consumers and derogations on a case by case basis (Article 19) is limited to the non-harmonised area.

WORK PLACE SAFETY : 'BUILDING IN SAFETY'

A campaign of the European Agency for Safety and Health at Work

This year's European Week for Safety and Health at Work - the largest OSH event of its kind in Europe - is focussing on the construction sector. (<http://ew2004.osha.eu.int>)

The European Agency for Safety and Health at Work launched its campaign in Dublin in April 2004, as part of the Agency's annual European Week for Safety and Health at Work. Under the slogan 'Building in Safety', the campaign is backed by all Member States, EU acceding, candidate and EFTA countries, the Irish and Dutch EU Presidencies, the European Commission and Parliament, trade unions and employers' federations.

The campaign includes:

- information packs in all official EU Member State and acceding country languages;
- awareness-raising posters and leaflets;
- a multilingual website including examples of good practice;
- an online campaign charter;

- European Good Practice Awards for organisations that have most successfully dealt with health and safety in construction;
- special events across Europe to bring the campaign's key messages to life in all organisations, large and small, public and private. In previous campaigns, there have been thousands of EU-wide events, many coordinated by the Agency's network of national focal points in the EU 25 Member States.

The Closing Event of the European Week for Safety and Health at Work 2004, the European Construction Safety Summit, is taking place in Bilbao on the 22 November 2004. Jointly organised by the European Agency for Safety and Health at Work and the Dutch Presidency of the European Union, it

will be a unique opportunity for leading experts and industry stakeholders to discuss future strategies for improving safety and health standards in the construction sector.

A Safety Award Winner?

(pict. by courtesy of Walter Heinrich, DNV)



DEMAND FOR GOLD HALLMARKING RECOVERS

The crown hallmark stamped in precious metals products by a certification body is a sign that the product has been inspected by an impartial third party and complies with the requirements of the Hallmarking Act. New precious metals-related legislation, in which the hallmarking of precious metals products became voluntary, went into effect in early 2001. The crown hallmark in precious metals products enhances the trust between merchant and consumer.

CEOC member Inspecta Oy is the leading Conformity Assessment (CA) organisation in Finland. Clients use CA services to obtain the approvals necessary for their products to be put on the market, as well as assurance regarding the safety, reliability, and usability of their devices, equipment ensembles, or processes during their operational lives.

Inspecta Oy's service categories are assessment and certification services, inspection and testing services for devices and equipment ensembles, balancing and calibration services for measuring devices, as well as precious metals services.

Finnish consumers were first made aware of

the importance of hall-marking as an indicator of quality in the late 1970s when a full-page newspaper advertisement depicting two "silver spoons" appeared in the Helsingin Sanomat. One of the spoons was flawless and the other had many twists and bends. The advertisement's text read: "Which spoon do you want?"

After the appearance of this advertisement consumers began to become increasingly aware of the differences between genuine articles of value and low-concentration forgeries. It was understood that a genuine product cannot be obtained at a 70 per cent discount, and that gold always costs the

same regardless of the location.

• Consumer pressure restored demand for gold hallmarking

When gold hallmarking became voluntary in 2001 many assumed that the golden age of quality assessments for jewellery had ended. During the past 5 years however, the number of jewellery analysis performed by Inspecta has increased by approximately 3-fold. That the demand for gold hallmarking recovered as a result of consumer pressure can be considered an encouraging example of market forces acting sensibly on their own behalf to assure product safety. At the same time purity verification has become more precise and hallmarking operations have become faster and more flexible.

A great deal of positive development has taken place after official inspections became voluntary. Previously the hallmarking process was considered a certain kind of forced feeding, even a factor that delayed the product's manufacture. Today hallmarking is a natural part of a product's creation

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and a fairly important indicator of product quality. The crown hallmark tells the customer a great deal: that it is a question of a safe and inspected product.

• Acquiring valuables is a transaction built on trust

Consumers' interest in inspection hallmarks and the safety they provide is as apparent today as it was during the late 1970s. For Finns the purchasing of articles of value is a transaction built on trust.

Nowadays people travel extensively and many consider purchasing articles of value on southern beaches. Upon returning, many bring these "valuables," acquired abroad and with unknown hallmarks, to jewellers for assessment. Every now and then it is revealed that the product is actually a com-

plete forgery without even the pretence of authenticity.

In considering matters of security, today's customers tend to prefer domestic proof of a product's authenticity. Merchants constantly hear about how customers value Finnish products, which are equated with a sense of security. Jewellery is an investment that must retain its value. In the best cases the value of a fine piece of jewellery may even increase over the years.¹

Besides their monetary worth, articles of value are often invested with a great deal of emotion, for example an heirloom from father to son. Typically silverware sets are handed down from one generation to the next. The inspection hallmark verifies the product's authenticity and in doing so becomes an integral part of the product itself.

• Hallmarking is part of the sector's reputation management

Hallmarking practices are a continuous source of lively discussion in the jewellery trade. Continuing to uphold the more essential quality criteria, one of which is hallmarking, will help preserve the precious metals industry's good reputation.

Inspection carried out by an impartial third party is also being exploited as a competitive advantage whose compliance with legal and statutory requirements can be publicised in marketing, particularly in advertising.

It is also essential that shop personnel update their knowledge of hallmarks regularly. This will enable them to better serve customers considering the significance of different hallmarks.

News from CEOC Member Organizations

From Bulgaria has been accepted in 2004 as provisional member:

Directorate General "Technical Inspection" of SAMTS

6th Septemvri Str. 21
BG-1000 Sofia
Tel. + 359 2 989 84 88
Fax +359 2 986 17 07
Email: intldiv@sasm.orbitel.bg
Internet: www.sasm.government.bg
Contact Person: Mrs. Ralitsa Assenova

The 3rd permanent member in Poland has been taken on board:

WDT - Wojskowy Dozór Techniczny

ul. Nowowiejska 26
PL-00911 Warszawa
Tel. +48 22 687 48 12
Fax +48 22 687 62 40
Internet: www.wdtmon.wp.mil.pl
Email: wdtmon@wp.mil.pl
Contact Person: Mr. J. Niewiadomski

Events

CEOC

08/09 Nov.	Technical Commission Machines, Lifts, Cranes - CML, Warsaw
11/12 Nov.	Interview round I - SG, Brussels
22 Nov.	CP4, Brussels
01 Dec.	Management Board - CD, Brussels
01 Dec.	Reception, Brussels
02 Dec.	Technical Commission "Conformity Assessment" - CC, Brussels
03 Dec.	Joint Technical Commission on Product Testing and Certification - JTCPTC, Brussels
16 Dec.	Chairmen Meeting EA, Paris

Others

03 Nov.	EAAB-CA Network, Brussels
04 Nov.	EAAB, Brussels
18/19 Nov.	EPERC General Assembly, annual meetings TTFs, London
23/24 Nov.	International Conference on Developments in Pressure Equipment, ImechE, London
24/25 Nov.	EA Gen.Ass., Zagreb
5 - 7 Dec.	4th European Forum for Innovative Enterprises - Innovation Europe : Key Challenges for Policy & Business, Stuttgart

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Comparative Study on Standards for Pressure Equipment EU versus USA

CEOC member TÜV Austria prepared by order of the European Commission a comparative study concerning the American and the European standards for pressure equipment. The background for the study was the European Commission's intention to assess the strengths and weaknesses of the European standards compared to the American standards. The result is clear: for at least the same safety level the European standard EN 13445 enables in many cases a more cost-effective production of pressure equipment than the ASME Boiler & Pressure Vessel Code.

• Pressure Equipment Directive and harmonised standards

Since May 30, 2002, the application of the European Pressure Equipment Directive has been compulsory. In Austria the European Directive was transposed in the pressure equipment regulation on placing on the market of pressure equipment (such as pressure vessels, devices, boilers, assemblies). As in all of the so-called European "New Approach" directives the Pressure Equipment Directive only prescribes basic safety requirements. How these can be met is described in other documents such as the product standards for pressure equipment. When applying the so-called harmonised product standards, such as the EN 13445 for non-fired pressure vessels, conformity can be assumed, i.e. the safety requirements listed in the directive can be considered to be fulfilled. If other standards or regulations are applied the compliance has to be proved on a case by case basis.

• European Commission assigned TÜV Austria

The standards used until now in Europe, except in the Scandinavian countries, have been and are in many cases furthermore applied due to the historical development in the field of pressure equipment and the volume and complexity of standards - such are for instance the AD-Merkblätter (instruction papers) in German-speaking countries or the American ASME Boiler & Pressure Vessel Code - especially in southern Europe and in English-speaking countries.

In order to demonstrate the technical applicability as well as the economical advantages of the new harmonised standard for non-fired pressure vessels (EN 13445), the European Commission launched a call for tender for a comparative study between ASME Code Section VIII, Division 1 and Division 2, and EN 13445.

TÜV Austria's tender together with the Italian partner Consorzio Europeo di Certificazione had been successful and the study was realized during the period Summer 2003 to Spring 2004.

• International competitiveness

It was of great importance for the European Commission to compare both of these standards, as the EN 13445 was intended to become a standard of international importance, reaching far beyond the borders of Europe. The intention was to give the European pressure equipment industry the possibility to place products conform to a European standard on the international market. Furthermore, the European Commission wanted to set a European counterpart against the American standards, as it is assumed that in some years only few pressure equipment standards will be in force worldwide - due to scarce personnel and financial resources.

Presently it is not likely that American standards may be influenced by Europe.

• Realization of the study

The project partners determined the requirements for calculation and construc-

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tion, manufacturing, testing and conformity assessment for nine pressure vessels to show the technical and economical advantages or disadvantages when applying the above-mentioned standards. The results were transmitted to the pressure equipment manufacturers from France, Italy, Germany, and Austria who took part in the study as subcontractors. They calculated their prices for the vessels according to the different normative requirements that would have been demanded in a tender. All of the nine benchmarks are vessels with practical relevance.

The examination was carried out on

- one subterranean natural gas storage tank (volume 76.000 litres, maximum pressure 70 bar at ambient temperature)
- one hydrogen reactor (volume 36.000 litres, maximum pressure 140 bar at 400°C)
- one autoclave as a serial product
- one stirring vessel (impeller type mixer) made of stainless steel (volume 30.000 litres)
- two (standard) tubular heat exchangers for the petrochemical industry
- one smaller tubular heat exchanger made of stainless steel
- one water separator as used for steam pipe-lines
- one header of an air-cooler for natural gas pipelines with rectangular cross-section (maximum pressure 70 bar at temperatures of -25°C up to + 120°C)

• Requirements

According to the specifications the dimensioning was made for all vessels according to the calculation formula laid down in the codes. In some cases a dimensioning according to cyclic fatigue was also required. In two cases (natural gas storage tank, header of the air-cooler) a dimensioning with stress analysis (finite elements analysis) was carried out, as this delivers better economical results.

The technical and economical results of the study have been documented and summarized by TÜV Austria as the leading contractor, and have been submitted to the European Commission in a comprehensive report.

• Results of the cost calculation

Regarding conformity assessment the following possibilities have been considered:

- a) application of EN 13445 with CE marking
- b) application of the ASME Code with Code Stamp
- c) application of the ASME Code with CE marking

In the case of c) additional requirements were set concerning material testing, hydrostatic test pressure, and welding to obtain conformity to the safety requirements of the Pressure Equipment Directive.

The table below shows an overview of the cost calculation results for the vessels, in which the producers' data have been averaged per vessel and standard. The abbreviation DBF means design according to formulas, the abbreviation DBA means design according to stress analysis.

• Reasons for different prices

When using the American ASME Codes, material costs and, therefore, production costs are in most cases higher than those resulting from the use of the European standard EN 13445. This is due to the calculated wall thicknesses, which primarily result from the allowed corresponding stresses. In this connection the costs for heat treatment after welding are also higher when the ASME Code is used because the corresponding requirements are linked to the wall thickness. For the (standard) tubular heat exchangers for the petrochemical industry there were actually no significant cost differences.

The use of the design-by-analysis (finite elements analysis) according to the European standards leads to significantly lower wall thickness and, therefore, also to lower total costs in both cases, despite the increased shared costs due to the more expensive procedure.

According to the manufacturers' indications the additional costs for ASME vessels are rather low when a CE marking is necessary. The calculations of the cyclic fatigue showed a remarkable result: the allowed number of load cycles resulting from a calculation according to ASME is significantly higher than that resulting from a calculation according to EN 13445 - especially in welded areas.

As according to the EN 13445 process numerous results of repeated practical fatigue tests are taken into account and the resulting number of load cycles allowed comply with the results from other well-known regulations, e.g. AD-Merkblätter, the results according to the ASME Code are assumed to be excessive and not conservative. This is also confirmed by the revision of the corresponding part of the ASME Code currently carried out.

• Publication of the results

As many manufacturers and users of pressure equipment shall have access to the results of this study, the European Commission has made available a summary on web page:

http://ped.eurodyn.com/standard/asme_comparative_study.html

More information about European Standards in the pressure sector:

<http://www.cenorm.be/cenorm/workarea/sectorfora/pressure+equipment/index.asp>

A helpdesk for EN 13445 is published:

<http://www.unm.fr/en/general/en13445>

The article is based on the report prepared by Reinhard Preiss and Josef L. Zeman.

Vessel/code	EN 13445 DBF (CE)	EN 13445 DBA (CE)	ASME VIII Division 1 (Code stamp)	ASME VIII Division 1 (CE)	ASME VIII Division 2 (Code Stamp)	ASME VIII Division 2 (CE)
Natural gas storage tank	100,0 %	95,6 %	130,4 %	138,5 %	118,1 %	117,9 %
Hydrogen reactor (welded course)	100,0 %	-	115,9 %	122,8 %	106,5 %	110,5 %
Hydrogen reactor (forged course)	100,0 %	-	94,3 %	94,9 %	84,9 %	85,3 %
Autoclave	100,0 %	-	97,9 %	98,6 %	-	-
Stirring vessel (Impeller type mixer)	100,0 %	-	110,6 %	110,6 %	-	-
AES heat exchanger	100,0 %	-	100,3 %	101,8 %	-	-
BEM heat exchanger	100,0 %	-	99,0 %	101,9 %	-	-
NEN heat exchanger	100,0 %	-	108,2 %	106,9 %	-	-
Water separator	100,0 %	-	105,6 %	110,1 %	-	-
Header of an air-cooler	100,0 %	88,1 %	106,7 %	108,2 %	-	-

Comparison of cost calculation