

EMC IN EUROPE AFTER 1992: WHAT YOU NEED TO KNOW NOW

With the completion of the EC's single internal market in 1992, will U.S. companies be excluded from the European marketplace?

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The European Community (EC) has slated December 31, 1992 as the target date for the completion of its single internal market. Although tariffs among the EC countries had been eliminated over two decades ago, the EC is currently making a determined effort to create a true common market by allowing complete freedom of movement for capital, goods, services and people. This market is to be achieved by way of legislation in the form of approximately 280 Directives. The Directives are to harmonize the diverse regulations, governing a vast array of subject matter, now in effect in the individual EC member states.

Now is, however, a confusing time for U.S. exporters and U.S. multinationals located in Europe as they look upon the whirlwind of standardization and regulation activity in Europe. One question remains to be answered: "Will U.S. companies be excluded from this lucrative and, in some respects, under-exploited market of 320 million people after the completion of the EC's single internal market?"

The European response to the queries of the U.S. manufacturing community varies from "Europe will not close in on itself"¹ to "We are not building a single market in order to turn it over to foreigners."² In light of this uncertainty, U.S. manufacturers must obtain up-to-date information regarding the development of the European Directives and harmonized standards which, when implemented, will directly affect their product's access to the European market.

EC DIRECTIVE ON ELECTROMAGNETIC COMPATIBILITY

The proposed Electromagnetic Compatibility (EMC) Directive will af-

fect all manufacturers of computer, electronic and electromedical equipment. The EMC Directive, typical of the EC's new "fast track" approach to regulations, is subject to majority approval of the EC Commission and will specify only essential requirements rather than a mass of technical detail requiring unanimous approval by the Commission. The European Standards Bodies, CEN (European Standardization Committee) and CENELEC (European Standardization Committee for Electrical Products), will subsequently work out the technical detail. National EMC regulations currently on the books will be valid until the new European standards come into force.

The EMC Directive will be composed of two essential requirements. First, equipment will not be permitted to generate electromagnetic disturbances exceeding a level which allows radio and telecommunications equipment and other apparatus to operate as intended. Secondly, all equipment must possess an adequate level of intrinsic immunity from electromagnetic disturbances. Manufacturers should note that this second requirement is absent from current U.S., Canadian and European EMC standards.

The current draft of the EMC Directive, already approved by a majority vote in the EC Commission and presently undergoing three months of examination by the European Parliament before being presented to the Commission for a final vote, applies to *all* electrical and electronic equipment, systems and installations *without exception*. Thus, included under the auspices of the Directive are ITE (information technology equipment), telecommunications, radio, industrial and medical equipment, domestic appliances, and motor vehicles. In this respect, the EC Directive is in direct contrast with the

current FCC EMC regulations, from which medical and industrial equipment, domestic appliances and motor vehicles are exempt.

The Directive regulates radiated emissions as well those conducted along mains, signal, control or other cabling. No indication has been made that the Directive will attempt to mimic the current West German EMC regulations by limiting the radiated magnetic field strength. Preliminary indications are that the Germans are unwilling to give up this requirement for products to be operated in West Germany, however. Products in compliance with all respects of the Directive and subsequent CENELEC standards will be permitted to carry an "EC" mark allowing their free circulation throughout the Community. Only equipment found in compliance with the EMC Directive will be marketable in the EC.

The Directive will also require that each piece of equipment be accompanied by a declaration of conformity stating that the equipment marketed is structurally equivalent to the equipment that has been tested. The declaration of conformity shall appear in the operator's manual, on the guarantee certificate, on the apparatus itself, or on the equipment's outer packaging.

TEST LABORATORIES

The draft EMC Directive states five general conditions to be fulfilled by designated EMC testing bodies in the EC.

- Availability of personnel and of the necessary means and equipment;
- Technical competence and professional integrity of personnel;
- Independence, in carrying out the tests, preparing the reports, issu-

¹See advertisement on page 358.

ing the certificate and performing the surveillance provided for in the EMC Directive, of staff and technical personnel in relation to all circles, groups of persons directly or indirectly concerned with the product in question;

- Maintenance of professional secrecy by personnel; and,
- Subscription of a civil liability insurance unless that liability is covered by the State under national law.

The Commission and other EC member states are to be notified of the bodies responsible for certifying equipment falling under the jurisdiction of the EMC Directive in each member state. A list of those bodies is to be published in the Official Journal of the European Community.

POSITIONING IN EUROPE

While information on relevant regulations, such as the EMC Directive, is essential in the preparation of a product for the post-1992³ European market, manufacturers should not ignore the ever-present ambig-

ity of the future role of foreign manufacturers in the EC. Presently, large U.S. corporations with an established presence in many of the EC member states are perceived as possessing an advantage over the so-called "national-champions" in Europe, who control only large domestic market shares. This will not necessarily be true in the future. With the ongoing development of a "European"⁴ market, rather than twelve individual markets, a rash of co-operative agreements and take-over bids have resulted among the European giants (e.g., the General Electric Co. plc and Siemens AG take-over attempt of Plessey Co. plc) in order that they may retain real market presence and lessen their dependence on U.S. and Japanese technology.

The ability of U.S. manufacturers, whether large or small, to gain or to maintain market access in the EC will depend to a great extent on local content and local labor percentages. The EC has gone as far as banning the so-called "screwdriver" assembly plants. It is no fluke that IBM, which produces locally 92 percent of what it sells in Europe, has been re-

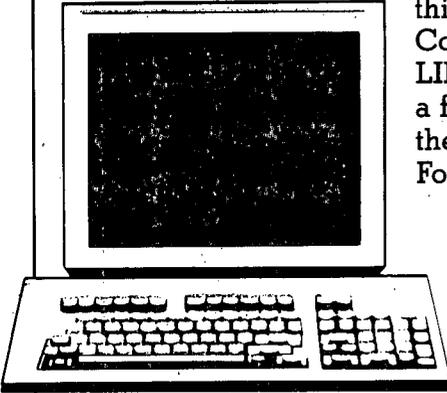
ferred to by Jacques Delors, president of the EC Commission, as a European company.

Thus, aside from gaining information on relevant Directives, a determined effort to establish or to maintain "local" operations in Europe will be required by U.S. manufacturers in order to prevent a unified Europe from closing its doors on U.S. products. This action, whether in the form of joint ventures or outright foreign investments, must be undertaken before the ink, with which these regulations and Directives are to be written, has been allowed to dry on the paper. ■

NOTES

1. Sir Roy Denman, Chairman, EC Delegation to the U.S.
2. Jacques Delors, President, EC Commission.
3. "1992" should not be regarded as a literal deadline. Conversion to the new market system has already begun, but will continue much longer than December 31, 1992.
4. "European" in the sense that cultural and regional differences are taken into account.

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