



**Economic and Social
Council**

Distr.
GENERAL

TRADE/WP.6/2001/14
OPA/AC.18/4/Add.2
22 October 2001

ENGLISH ONLY

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE FOR TRADE, INDUSTRY AND
ENTERPRISE DEVELOPMENT

Working Party on Technical Harmonization and
Standardization Policies

Eleventh session, 29-31 October 2001

Item 8(c) of the provisional agenda

COORDINATING UNIT FOR OPERATIONAL ACTIVITIES

Expert Meeting on Best Practice in the Creation of
Quality Assurances Systems for Enhancing Competitiveness
of Small and Medium-sized Enterprises

Geneva, 25-26 October 2001

Quality Policy Issues

This paper has been submitted by the Russian State Committee for Standardization and Metrology.

It contains information on the concepts underlying national quality policies for products and services in the Russian Federation.

This document is presented for information to delegates. It is reproduced in the form in which it was received by the secretariat.

CONCEPTS UNDERLYING THE NATIONAL POLICY OF THE RUSSIAN FEDERATION IN THE AREA OF PRODUCT AND SERVICE QUALITY

The Concepts underlying the national policy of the Russia Federation in the area of product and service quality are based upon the system of official viewpoints on:

- the place of product and service quality in meeting the national concerns of the Russian Federation;
- the objectives of the Russian Federation's national policy in the area of product and service quality;
- the main directions of national policy in the area of product and service quality.

1. GENERAL PROVISIONS

1.1 Concept of products and services quality

For the purposes of this paper the following definition of products and services quality (hereinafter referred to as product quality) of the International Organization for Standardization (ISO) is applied: "totality of characteristics of a product stipulating its ability to satisfy specified and implied needs".

1.2 Product Quality and Demand

Products of the same purpose having different quality levels may be in demand depending on the buying capacity of the consumers. At the current stage of social and economic development of the country its population can be broken down by this parameter into three groups:

- the largest one with low buying capacity using mainly cheap products , as a rule, of low quality;
- the next largest one being average income buyers consuming primarily products of a moderate price and quality level;
- the smallest one being of very rich people able to purchase expensive, high-quality products.

The increasing buying capacity of the population and, as a result, the demand for higher quality products testify to the observed recovery of the country's economy.

1.3 Quality and Competitiveness of Products

Competitiveness is an integral part of products making it possible to sell them. The competitiveness of products is driven by their quality, price, operating costs, convenience in technical maintenance, manufacturer's image, his ability to observe the terms of delivery and other factors.

Competitive factors are prioritized depending on the level of the society's social and economic development, the characteristics of markets where products are sold, and the features of specific consumers.

According to the results of the survey carried out by the international economic institute, quality in the XXI century will remain a priority factor in determining the competitiveness of products in the global market, the integration into which is one of the main objectives of the national economy.

1.4 Product quality and safety

Product safety (for human life, property and environment) is a constituent part of its quality. The level of product safety relevant to the level of social and economic development of the country is regulated and ensured by the State with the help of its economic and administrative tools.

2. THE PLACE OF PRODUCT QUALITY IN MEETING THE NATIONAL CONCERNS OF THE RUSSIAN FEDERATION AND OBJECTIVES OF THIS CONCEPT

This Concept has been worked out in accordance with the Constitution of the Russian Federation and is aimed at meeting the national concerns of the Russian Federation as defined by the Concept for National Security of the Russian Federation approved by the Decree of the President of the Russian Federation N 1300 dated December 17, 1997, as revised, in the version of the Decree of the President of the Russian Federation No. 24, dated January 10, 2000.

Product quality is one of the most important factors making it possible to meet national concerns in the following activities of the State:

- economic,
- social,
- military,
- international,
- informational,
- ecological

2.1. Product quality in meeting the national concerns in the *area of the economy*

Sustainable development of the economy is a key objective making it possible to meet national concerns in all areas of the State's activities.

In the early and mid 90's the national threat to the economy was due to a considerable reduction in the production of internal gross output, which resulted in crisis phenomena. On the one hand, the slowdown in production was, to a great extent, due to import intervention, and on the other hand, to the poor quality and weak competitiveness of domestic products in internal and external markets, the lower buying capacity of the population, and structural deformations in economy that favor raw industries.

The purpose of this Concept in the economic area is to improve domestic products in order to make them become competitive both in internal and external markets, and ensure, on this basis, a sustainable development of the national economy and its integration in to the world economy.

When going out of the crisis the emphasis should be primarily given to:

- intensification of the import replacement process as a result of improving domestic products;
- maximum usage of the current, comparatively low level of labor remuneration and, consequently, lesser production costs, providing an advantage in the competitive struggle that makes it possible to set lower prices for domestic products as compared with prices for imported products;
- raising the industrial potential of enterprises, creation of advanced technologies and new types of high-quality products to expand the share of Russian products in internal and external markets as the domestic market develops and integrates into the world economy.

From a strategic perspective, when the Russian market is integrated in the global one, the competitive quality of the Russian products should be steadily ensured.

2.2. Product quality in meeting national concerns in the *social area*

The main objective in the social area, that is, the provision of a high living standard for Russian residents, depends both directly and indirectly on product quality. By purchasing quality products, residents make it possible to satisfy their physical, cultural and other life necessities. On the other hand, high quality products will contribute to economic growth and employment which in turn lead to increased salaries, social welfare and buying capacity.

Quality also contributes to the development of cultural values, giving rise to a feeling of professional pride and patriotism.

Product quality level should correspond to the structure of demand taking into account the buying capacity of different population groups, demographic features (including sex and age), etc. The dynamics of product improvement should correspond to that of demand, which is currently increasing. And, undoubtedly, products should be safe for human life, health and property.

2.3. Product quality in meeting national concerns in the *military area*

The high quality, technological level and reliability of military equipment and arms are important factors for the defense capability of the country, its independence, sovereignty, state and territorial integrity, the prevention of military aggression against Russia and its allies, and the creation of conditions for the peaceful, democratic development of society.

The quality level of domestic raw materials, materials, products and other basic elements used for the manufacture and operation of military equipment and arms, should fully meet the needs of the military industry and army, and ensure that these needs are met independently from foreign suppliers.

2.4. Product quality in meeting national concerns in the *international area*

Product quality, providing for a high level of technological and industrial development of the country, its economic and military independence, contributes to a more stable position for the Russian Federation as a great power and one of the influential centers in a multipolar world and to establishing equal and mutually advantageous relations with all countries and integration associations.

National policy in the field of quality in the international area should be pursued to:

- enhance the leading position of Russia in the development of the research-and-production potential of the CIS countries;
- restore and develop research-and-production cooperation between enterprises of these countries;
- speed up the economic development of the Russian Federation and other CIS countries;
- expand the Russian Federation's presence in attractive world markets and enhance its competitive status in those markets;
- expand the research-and-production cooperation of domestic enterprises with leading foreign companies in order to implement large international projects with a view to gain the leading position for the Russian Federation in a number of world market sectors.

2.5. Product quality in meeting national concerns in the *information area*

Better quality domestic products should provide the solution to problems relevant to the development of current information technologies and the domestic information industry. For this purpose, it is necessary to ensure the high quality of informatization, telecommunication and communication facilities, microelectronic and computer equipment.

2.6. Product quality in meeting national concerns in the *ecological area*

The ecological parameters of product quality play an important role in the solution of environmental protection problems, environment sanitation, the ecological safety of the country and of the planet as a whole.

Products should undoubtedly meet mandatory ecological requirements. When new products are designed, the ecological safety parameters for their production (with a wide usage of nonwaste technologies) and means of disposal should be developed.

3. THE MAIN DIRECTIONS OF NATIONAL POLICY IN THE AREA OF PRODUCT QUALITY

The main directions of national policy in the area of product quality are shaped upon the basis of the following. That it is necessary for:

- the wide range of population, managers and employees at all levels to become aware of quality's place in the solution of economic, social and other problems, originating from the national concerns of the Russian Federation. *The total improvement of domestic products and services should become a national objective;*
- managers and specialists at all levels master quality management methods recognizing that quality management is a special branch of knowledge containing hundreds of effective all-purpose methods usable in different sectors of the economy and areas of activity;
- general legal, economic, social, technical and organizational conditions are created to ensure that enterprises and organizations are capable of successfully solving the problems in the area of quality;
- an effective mechanism of consumer protection against poor quality products is created thus providing further incentives to all enterprises and organizations to manufacture and sell quality products.

The purpose of the above listed principles is to develop a general culture of quality in the country and improve product quality in all branches of the economy.

In addition, policy in the area of quality provides for special state measures and measures of regional character, aimed at improving and ensuring competitiveness of products in those sectors of economy that are of particular importance for meeting both the national concerns of the Russian Federation, and those of its regions.

3.1. Promotion of ideas and incentives for product quality

A key task in the promotion of quality and in the whole educational system starting at school is to develop a culture of quality.

All the central and regional, state, municipal, public and private mass media should participate in the promotion and clarification of this idea.

To make the idea of quality popular and raise the image of domestic products it is necessary to develop an annual competition for awards from the Government of the Russian Federation in the area of quality. It is also necessary to support competitions for regional and branch awards for quality, awards of public organizations and unions, competitions for best products and other movements aimed at developing a culture of quality.

3.2. Wide introduction of effective quality systems and advanced methods of quality management at enterprises

As domestic and world experience has proved, the application of quality systems enables enterprises to improve considerably their efficiency, as well as to provide consumers with products and services meeting various needs and legislative requirements.

The creation of effective quality systems, oriented toward the implementation of up-to-date technologies and methods of quality management, is a prerequisite for enterprises that wish to obtain and keep a good, steady market share. And for this purpose, it is necessary to use to the maximum extent the achievements of fundamental and applied sciences, practical experience obtained as a result of innovative policy of the Russian Federation and implementation of the plans for socio-economic development of the country and regions.

The development of educational measures, consulting areas of activity and measures aimed at stimulating the application of quality systems should contribute to a wider introduction of quality systems.

a) Policy in the educational area

High professionalism, awareness by workers and managers of all kinds of the methods and ways of quality management, design philosophy of quality systems, based on advanced domestic and foreign experience and international standards, are a must for the introduction of efficient quality systems.

The aim of policy in this area is to create a continuous system for the education and training of personnel in the area of quality. The disciplines relevant to quality problems should be made a part of curriculums at schools, secondary special and higher educational institutions. It is necessary to train specialists in the organization and support of the production of quality products, train personnel of all branches in the fundamentals of quality management, make it possible to prepare and publish special literature, magazines and other reading matter on these subjects. The educational standards of the higher school should be brought into conformity with the requirements of this Concept.

It is also necessary to implement a set of measures aimed at improving the manpower, raising its vocational training with the purpose of meeting the needs of the national economy in highly skilled staff. A program raising the social status of scientists, engineers and technicians in production area and teaching staff in educational institutions, ensuring the advanced development of production and product improvement should be developed.

b) Policy in the development of consulting activities

To render assistance to enterprises in the introduction of quality systems and raise the efficiency of these systems it is necessary to develop a network of skilled consulting organizations.

The state and regions should create the most favourable conditions for operation of these organizations. The organizations under Gosstandart of Russia, as well as higher school institutions (universities, etc.), and regional branches of the Academy for quality problems should be involved in creation of this network.

To stimulate the introduction of quality systems at small enterprises, the State and regions should identify resources to compensate a part of their expenses for consulting services in this area.

c) *Policy in the development certification for quality systems*

The certification of an enterprises quality systems provides objective evidence of their efficient operation that can be provided to potential clients.

Certificates for quality systems, proving their conformity with the requirements of ISO 9000 series standards, QS 9000 and other similar standards, have become an essential factor in competitiveness and, in a number of cases, a mandatory condition for obtaining contracts or being permitted to participate in tenders. That it is necessary to further develop the certification of quality systems, ensure the high professionalism of its participants, obtain confidence in its results and actively seek the recognition of domestic certificates abroad. The State should ensure that Russian organizations and certification bodies become members of international and regional associations and agreements and gain accreditation for Russian certification bodies and testing laboratories abroad.

d) *Policy of support for the introduction of quality systems when federal orders are placed for product delivery for state needs*

According to the Federal law "On deliveries of products for federal state needs". The Russian State is unconditionally interested in the observance of requirements for the quality of products, delivered under state contracts. For example, when the state creates and maintains reserves of products or primary goods, defense capability and security of the country supported as necessary, export products delivered within international economic commitments, including the currency and credit ones and federal target programs implemented,. For these purposes product delivery orders under such contracts should be placed at enterprises, organizations and establishments, having quality systems certified by appropriate Russian bodies. The terms of tenders, auctions and competitions for the delivery of products for federal state needs should contain a requirement specifying the participation of only those enterprises that have certified quality systems.

e) *Policy of support for the introduction of quality systems when orders are placed for product delivery for regional needs*

When products are delivered for regional needs it is recommended to authorities of the Russian Federation that they follow a procedure that specifies the placement of orders mainly at enterprises, organizations and establishments that have quality systems certified by appropriate Russian bodies.

3.3. Policy for the creation of technical and organizational conditions contributing to the improvement of product quality at enterprises

a) Policy in the area of standardization

Activities of federal executive bodies in the area of standardization should be aimed at improving the quality and safety of products, operations, services and economic entities to achieve the maximum economic benefits to be gained from the solution of harmonization, interchangeability and compatibility problems and the inclusion of advanced achievements in science and technology in the state standards of the Russian Federation.

The observance of international treaties and agreements, including those concluded within the CIS, and those contributing to the integration of the Russian economy into the world one, should be ensured. Harmonization of domestic standards with international ones and also with internationally recognized regional and foreign standards should become one of the main directions of standardization.

The Russian Federation should actively participate in the development of those international standards which are most vital to its economy. The activity in international standardization should be aimed at gaining a foothold in the world market through advanced domestic developments and technologies and through standards developed or widely applied in Russia (by inclusion of appropriate norms into international standards)

b) Policy in the area of metrology

The measurement standards base of Russia, the system for transfer of unit sizes, infrastructure and hardware of the State metrological service should meet the needs of enterprises and organizations in all branches of the national economy, including defense, and also the areas of social life of the country in assurance of uniformity of measurements.

The further development and improvement of the State system for assurance of uniformity of measurements should be aimed at assuring the authenticity and required measurement accuracy (inspection, tests) for product quality.

State metrology inspection and supervision should ensure that technically perfect and metrologically supported measuring instruments and equipment are produced and delivered.

c) Policy in the area of development of information infrastructure and information services

To solve quality problems when implementing the Russian Federation's policy on safety information in respect of the development of information infrastructure and information services the following should be provided:

- databases containing legislative and other normative requirements for product quality in the country and abroad;
- access to these databases for domestic enterprises and organizations (on a commercial or noncommercial basis);
- further development of up-to-date information technologies (including GALS technologies), making it possible to apply computer design techniques, advanced electronic methods for presentation and transfer of documentation, formation and transfer of information resources.

d) *Policy in the area of market protection against poor quality and adulterated products*

Implied under poor quality products within this Concept are products whose quality does not comply with specified mandatory requirements and/or with quality declared in information on the products and in their normative and technical documentation.

The following basic provisions are applied to protect the market against poor quality and adulterated products.

The manufacturer is liable for the production of poor-quality products, and any organization through whose fault products are damaged is also liable and these liabilities cannot be avoided.

The manufacturer is an organization, which places its name, trade mark or other similar information on products. Included under the term manufacturer are also an importer or a seller of products in the case where the manufacturer cannot be identified.

The rights of Consumer who have purchased the poor quality products should be protected in the following ways:

- the manufacturer or seller are obliged to prove the conformity of sold products with earlier declared quality;
- the consumer is obliged to prove the harm, caused by defects in purchased products;
- if a product defect, which caused a damage to a consumer, had not originated through the fault of the latter, and the manufacturer or seller cannot be identified due to their disappearance, then the State is obliged to make up for the damage caused.

An effective coordinated system of state and public inspection and supervision should be introduced in the market, making it possible to identify poor quality and adulterated products and stop them from being sold in a timely manner. There also needs to be an effective system for interaction among inspection, law-enforcement and legal bodies. Customer complaints should be considered through a prompt and non-bureaucratic procedure.

The exact implementation of the principle of unavoidable liability of the manufacturer for quality and the transfer of this liability to any organization, responsible for the damage of products, will continuously urge all organizations in the link “manufacturer-seller-consumer” to establish stable relations with reliable suppliers, demand that evidence of adequate quality of products be produced and ensure that their quality is preserved for the transfer to the next stage.

The purpose of implementing these measures is to withdraw poor quality products, revealed by inspection bodies, from the market.

e) Measures preventing poor quality products from entering the market

Measures preventing poor quality products from entering the market are as follows:

- the required conformity of products with mandatory requirements specified in normative documents should be proved at a pre-market stage through labeling them by a mark giving access to the market (for potentially hazardous products). Mandatory conformity proof is legally introduced and is a form of state regulation. The scope and ways of mandatory conformity proof should become closer, step by step, with those adopted in international practice and meeting the requirements of the World Trade Organization. A single accreditation system for conformity proof bodies should be created in the country to ensure that their activity is objective and competent.
- voluntary certification and manufacturer’s declaration of conformity with declared quality. Voluntary certification is carried out at the request of applicants (manufacturers, sellers) and is a market tool.

The purpose of implementing these measures is to reduce the risk of poor quality products entering the market. It is especially important for those products, whose inspection is time and money consuming and also in those cases, when defects can be revealed only during product use.

f) Permission to conduct an activity (the access of enterprises to manufacturing) on the basis of checking the ability of an organization to produce good-quality products (and/or not to allow damage to products)

The purpose of implementing this principle is to prevent defective and especially hazardous products from entering the market and damage to products in circulation (through transportation, storage, etc.).

Requiring effective quality systems at enterprises manufacturing, transporting, storing and selling products may be an efficient way to implement this principle.

- g) The minimization of risks and economic expediency should be regarded as the basic criteria when working to achieve a reasonable balance between the different tools of consumer market protection against poor quality products*

The tendency in the ratio of application of these tools should be shifted towards preventive measures.

3.4. Policy considerations related to the quality of products and services when decisions on the development of economy are made and adopted

The socio-economic policy of the Government of the Russian Federation is supposed to identify economic sectors, the advanced development of which should support the growth of the economy as a whole.

Taking into account the unfavorable startup conditions at many enterprises, measures are supposed to be taken to develop these sectors through such tools as investment, credit, justified import quotas, budgetary financing with the help of federal target programs, innovation and other tools.

Policy in this area with regard to quality factors is as follows. When choosing the enterprises and organizations to whom state support is to be rendered, in any form, the federal executive bodies should be guided by the ability of the given enterprise or organization to provide, within the period of such state support, the competitive product quality or its equivalent that is required for the protection of national concerns of the Russian Federation.

Enterprises, in their turn, should develop and prove the existence of their own programs for improved quality and competitiveness of products, during the period of validity of special support measures in order to continue receiving such state support.

Federal target programs should contain clear tasks making it possible to achieve the required quality level of products and services, i.e. objectives for standardization, metrology and other resource support, and also for creation of effective quality systems at enterprises and, if need be, for certification of products, services and quality systems.

4. Implementation of national policy in the area of product quality

4.1. National policy in the area of quality should be pursued taking into account the state and development of the domestic market, and the dynamics of integration of the Russian economy into the world one and the Russian market into the global one.

Plans for priority measures in implementing this policy and its objectives of a strategic character are being developed on this basis.

4.2. A Coordination council for implementation of the Concept of Russian national policy in the area of product quality is being created under the Government of the Russian Federation.

The Coordination council is responsible for monitoring the Concept implementation plan, determining its objectives of a strategic character in the area of quality, preparing an annual report for the President and the Government of the Russian Federation on the state of quality in the country and the course of implementing Russian national policy in the area of product quality.

4.3. In the federal districts and regions of the Russian Federation the State should provide support for pursuing policy in the area of product quality on the basis of this Concept and developing programs for its implementation.

Regional programs for quality and improving the competitiveness of products and services should provide other measures for regional support of enterprises and organizations, and the manufacturing of priority products for the State, branches and regions.

4.4. Each federal body with executive powers should set its objectives and strategy of actions on the basis of the Concept of national Russian policy in the area of product quality and aim at its implementation, and also should create the appropriate addenda and amendments to the official documents as required.

* * * * *