

**TBT COMMITTEE WORKSHOP ON THE ROLE
OF INTERNATIONAL STANDARDS
IN ECONOMIC DEVELOPMENT**

16-17 March 2009

Report by the Chairperson to the TBT Committee

(Final, 19 March 2009)

The TBT Committee held a Workshop on the Role of International Standards in Economic Development on 16 and 17 March 2009. Participation was high. Some 70 developing country capital-based officials were sponsored by the WTO through the DDA Global Trust Fund. In total, over 200 TBT experts attended. The Workshop provided opportunity for delegations to share experiences on the development and use of international standards.

Mr. Harsha V. Singh, Deputy-Director General of the WTO, opened the Workshop. In his opening remarks, Mr. Singh provided an overview of issues related to standards, trade and the WTO. He stressed the economic benefits of standardization and highlighted some of the costs; he underscored the importance of the disciplines in the TBT Agreement as they apply to standardizing bodies and to Member governments and he also drew our attention to the increasing importance of addressing non-tariff barriers to trade in the WTO, including in the negotiating context.

The workshop focused first on the **economics of standards**. A synopsis of current work on the topic of standards, trade and economic growth was provided. In particular, based on studies undertaken in Germany, the United Kingdom, Canada, Australia and China, we heard expert views from both academia and governments on the benefits and costs of standardization activities – and efforts to quantify these. The gist of the findings of various

studies presented showed that standards, as a pool for technological know-how, can contribute positively to economic growth. It was pointed out that standards promote innovation and technical progress and are an important instrument to facilitate competition in markets and transfer of technology. But these benefits remain difficult to quantify and need to be better understood, both in qualitative and quantitative terms – more research is therefore needed, also with respect to aligning methodologies and assessment tools. Of course, there are also costs associated with the use of standards, these are somewhat more tangible. Participants were urged to circulate widely any case studies on the impacts of standards, regardless of methodologies used.

Several participants reflected on the relevance of standards to the crisis that is affecting the global economy today. It was pointed out that in times of crisis it is ever more important to ensure that standards are not used for protectionist purposes. Instead, standards should be seen as an opportunity. For instance, well crafted standards as the basis for regulatory measures may increase confidence in markets and serve to boost trade. As well, it was pointed out that standards are an important link between research, innovation and markets; in effect, an efficient tool for the transfer of technology. For companies in particular, participation in standardization processes could potentially compensate for a downturn in R&D spending. This is particularly important today in the areas of sustainability and environmental technology.

It was also pointed out that standards need to be maintained to stay relevant: they have to be up to date with current technology and science – they should not lag behind technology. Science does not stay still. So timing is therefore important. Standards that arrive too late can lock in old technology and be counter-productive in terms of innovation.

A number of **practical case studies** that illustrate how the use of standards has contributed to economic and social development, in particular in developing countries, were presented and discussed. For instance, in the agricultural sector, we learned how international standards have been used to increase exports of asparagus and coffee from Peru. Egypt illustrated how the adoption and use of international standards in general had facilitated trade, leading to increases in both imports and exports. We were given the example of how the Pakistani textile sector had increased exports subsequent to the use of international quality standards.

We also heard how standards can have other benefits. The case of the US-Brazil cooperation to develop testing and measurement methods on biofuels, and the application of Chilean standards on energy efficiency showed how the standards can contribute to address global environmental challenges. Standards can also successfully address public safety issues, as illustrated by Colombia in the presentation on building codes and construction. Kenya's experience showed how the adoption of international standards in the electro technology field had contributed to improvement in the quality and safety of *imported* products.

A common element in several of the cases presented was the importance attributed to collaborative work between the public and private sectors; government support for standardization activities was considered important, particularly in developing countries. It was also important to have the absorptive capacity to implement standards (not only participate in their development), and, sometimes, to tailor them to local or regional circumstances.

Participants considered efforts to address developing country **capacity constraints** in respect of the use of international standards. Clearly,

participation in international standards-setting activities is considered essential and remains a constraint. In this respect, several initiatives by international standardizing bodies, regional bodies, bilateral donors and other international bodies such as UNIDO to increase participation were mentioned. Kenya suggested that developing countries should to a greater extent be hosting working groups and technical committees developing standards. However, it was also pointed out that participation in and of itself serves no purpose: it has to be effective. Building *expertise* in developing countries and filling information gaps has to be done in ways that reflect the needs of each individual country.

Several participants expressed concern about the proliferation of private standards that could result in unnecessary barriers to trade that created confusion in the market place. It was pointed out that initiatives existed and were underway in other organizations, such as UNIDO, to help countries comply with such schemes, and that the issue was being addressed in the WTO SPS Committee.

The importance to identify best practices for technical cooperation in the standards-setting field was stressed. Aid effectiveness meant that Aid for Trade in the standards setting world has to be driven by needs, be sector-specific and include the effective participation of all stakeholders. As an example of Aid for Trade applied to standards, the relevant work of the Standards and Trade Development Facility (STDF) in the SPS area was presented.

Many key **challenges** remain with respect to standardizing activities. At the end of the workshop, in my capacity as Chair, I pointed at a few challenges that have arisen in the discussion; among these, I would stress the following:

- **Quantifying the benefits of standards:** The studies and experiences shared at the outset of the workshop show the significant positive role standards can play in promoting innovation and technical progress. The use of standards makes production more efficient. Yet measuring and expressing the benefits of standards remains a key challenge. I would encourage Members, through this Committee, to share case studies that consider the economic benefits of the use of standards.

- **Involving all stakeholders:** Creating awareness among all relevant stakeholders, including SMEs, of the importance of being involved in standard-setting activities is crucial. Broad stakeholder involvement ensures an open and transparent process, in line with the disciplines on standardizing bodies contained in the TBT Agreement. On various occasions during the workshop, speakers and participants pointed out that government support and involvement in standardization is important, particularly in developing countries – where standardization may not always be given priority, and the strategic importance of standards is not always appreciated. It is important to find incentives to increase support and promotion of standardizing activities in developing countries.

- **Participation in international standard-setting activities:** Actual participation in standards-setting activities by developing countries remains a challenge, both financially and technically. Only a small proportion of developing countries are responsible for the management of working groups and technical committees, where the nuts and bolts of international standardization work takes place. Although we heard of various initiatives, finding *effective* ways of increasing such participation remains a challenge. It was pointed out that an essential component of making participation effective at the country level is a two-way exercise.

On the one hand – at the national level – it is important to raise levels of expertise in selected areas of importance to the participating developing country. And, on the other hand – and at the international level – it is important to engage that local knowledge and expertise in the international standard-setting community.

- **Building up standards-related infrastructure.** Standards development is part of a bigger whole – part of a quality infrastructure that includes: metrology, standards development and conformity assessment activities, including accreditation. It is not obvious that all components of this infrastructure is needed everywhere; for instance, it was pointed out that in the Caribbean efforts are underway to build quality infrastructure at the regional level. Therefore, it is important that countries prioritize and are selective about where efforts to build capacity should be concentrated. The Committee may consider developing good practices for setting up quality infrastructure. Expertise could be drawn from both Members and international organizations working in this area.

I would finish by stressing a point that several speakers and participants reverted to in the course of the workshop. In this time of economic crisis, we, in the TBT Committee need to guard cases where standards are used as a basis for non-tariff barriers that are unnecessary. Continued effective use of our transparency provisions is crucial in the respect. We also need to reinforce and boost the beneficial, confidence-building aspects of standards. The use of international standards should serve the purpose of facilitating international trade, as envisaged in the WTO TBT Agreement.
