



ENHANCEMENT OF THE BUSINESS ENVIRONMENT IN THE SOUTHERN MEDITERRANEAN





Product standards and their impact on trade

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Introduction



What is a standard?

- A standard can be defined as a specification (or a set of specifications) that relates to the product's attributes.”
- ISO: ‘providing for common and repeated uses, rules guidelines, or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context’
- Mandatory technical regulations as well as voluntary agreements on the quality characteristics of goods and services.



Introduction



- Product standard :is a set of criteria with which a product or a family of products must comply.
- ✓ Typical product standards in the agricultural sectors include quality standards relating to the physical appearance (grade, shape, color, absence of blemishes), the nutritional contents or the absence (or low level) of certain undesirable elements such as contaminants, pesticide residues, and genetically modified organisms.



Introduction



- Objective and Role of standards:
 - ✓ As defined by ISO, standards are used to ensure that materials, products, processes and services are consistently fit for their purposes. Standards perform a number of functions:
 - ✓ Facilitate transactions by providing information about goods in the marketplace.
 - ✓ They also facilitate the interoperability of products and systems;
 - ✓ they extend and enlarge the market and make possible mass production of products and components. In this way they help determine the efficiency and effectiveness



Introduction



- ✓ They are also an important vehicle for the development and diffusion of best practice technologies.
- ✓ They can make a major contribution to lifting productivity and promoting economic growth.
- ✓ Standards also serve to give consumers greater health and safety protection.
- ✓ Initially standards are country specific (National), but more and more countries are adopting International standards;



Introduction



- ✓ since standards (and associated conformance requirements) have the potential to benefit or hinder international trade, and therefore growth; hence there is an increasing awareness of the benefits of international harmonization of standards
- The role of standards in international competitiveness and their potential to act as non-tariff barriers to trade is being more widely recognized.



Categories of product standards



- Public standards are standards developed by or for governments for regulatory purposes.
Private standards are those developed by private sector organizations or a combination of.
- ✓ Usually private standards are Voluntary standards which despite their nature can have a significant impact on trade while mandatory standards also known as technical regulations or constitute an integral part of.
- *Before going further in how standards are monitored and verified lets have an overview on the situation in Lebanon:*



Situation in Lebanon



- Ministry of Industry:
- LIBNOR : Lebanese Institute for norms; established in 1962 as a public institution attached to the Ministry of Industry.
- ✓ It is the sole authority to issue, publish and amend Lebanese standards and to give the right to use the Lebanese Conformity Mark (NL Mark).
- ✓ Its standards cover all products falling within the agro-food, chemical, construction, mechanical, electro-technical and electromechanical sectors. It includes measurements, conventions, symbols,....



Situation in Lebanon



- ✓Methods of analysis and testing, codes of practice , and technical rules and codes for buildings.
- ✓ Libnor is a member of the ISO and CODEX and has agreements with Int'l standards orgs such as the IEC, AFNOR, CEN,BSI,& others.
- ✓ In principle Libnor represents a prototype of what in the EU are the CEN(European committee on standards, CENELEC(specialized in Electro technical issues) and ESTI (produces globally-applicable standards for Information and Communications Technologies (ICT)).Also its International counterparts :ISO, &IEC



More about **European standard organization (ESO)**



- Cenelec (European Committee for Electro technical Standardization),CEN (European Committee for standardization) and ETSI (European Telecommunications Standards Institute) form together the ESO.
- Only standards issued from the above organizations are recognized as EU standards.
- CEN 31national members work together preparing voluntary standards and act as a business catalyst in Europe, removing trade barriers for European stakeholders such as industry, public administration, service providers, consumers and other stakeholders.
- CENELEC/ETSI prepares voluntary standards, which help facilitate trade between countries, create new markets, cut compliance costs.



Situation in Lebanon



- ✓ As a general rule Libnor adopts International standards namely the ISO /IEC/CODEX standards and if not available the EU standards based on the principle of the Vienna and Dresden Agreements.
- ✓ Agro-food products standards are highly harmonized with the FAO/WHO Codex Alimentarius.
- ✓ Within its procedural mechanism for issuing a standard, libnor involves a number of private sector as well as public stakeholders.
- ✓ Libnor provides some kind of training in the form of workshop on certain issues;



Situation in Lebanon



- ... They are in the progress of establishing a training center which should be operational in 2015.
- ✓ Libnor policy at present follows the action plan decisions set by the council of ministers on the implementation of WTO and ACAA even though both agreements have not finally been signed yet.
- ✓ Technical regulations in Lebanon should be initiated by the relevant ministries but should be established according to standard adopted by Libnor whether as an integral part of the regulation or as an annex. The new law on technical regulations is also pending the active role of COLIBAC.



Situation in Lebanon



- Colibac: Conseil Libanais D'Accreditation is the only accreditation body in Lebanon. Colibac has been established as part of the Ministry of Industry in 2004; with the aim of cooperating with an EU accreditation body. It is still non-operational for internal administrative issues.
- ✓ Upon start-up the seek compliance with the ISO 17011 standard and the membership requirements of the international accreditation bodies, IAF and ILAC.
- ✓ IRI: Industrial research institute provides testing for COLIBAC as well as collaborates with Libnor and the lebanese customs on product conformity certifications.



Situation in Lebanon



Ministry of Economy and Trade. (MOET):

- Qualeb PROJECT : (EU funded Lebanese Quality Program) provides extensive support and advice to strengthen Quality Management, Capabilities and Infrastructure in Lebanon. Develop a National quality policy. Main objectives:
 - ✓ seeking to align Lebanese practices to match EU practices in the fields of Standardization, Testing, Certification & Inspection, Accreditation Technical Regulations & Conformity Assessment and Market Surveillance.



Situation in Lebanon



- ✓ Develop the Lebanese National Metrology Network by supporting 16 private and public testing and calibration.
- ✓ Help to Create and support a national accreditation system .
- ✓ QUALEB`s activities are endorsed by a national Quality Advisory Committee, composed of major stakeholders including” All / Concerned Ministries; LIBNOR; COLIBAC; Private & Public Sectors Laboratories; FCCIAL; ALI and SLFI.



Situation in Lebanon



- All concerned ministries: Issue regulations, decrees, decisions based totally or partially on existing standards developed by Libnor.
- Various ministries, but in particular the ministry of economy and trade possess a significant enforcement unit to monitor and inspect products on the market and see they abide by the mandatory standards.



Situation in Lebanon



Lebanese customs:

- The Lebanese customs role is to inspect all products imported to Lebanon and exported from Lebanon; verify their compliance with the local product norms and regulations and if applicable and impose trade tariffs on imported items.
- Customs is assisted by the labs of IRI for conformity assessment of all product categories and LARI for agricultural products.
- Customs coordinate with foreign counterparts in the implementation of bilateral agreements involving tariffs.



Conformity assessment



- Practically ,standards (Whether private or public) need to be verified; or demonstrate that specified requirements relating to a product, process, system, person or body are fulfilled. This is known as conformity assessment.

There are three ways of verifying that a standard is met:

- ✓ A company may decide to adopt the standard and appoint employees to verify that all its products departments comply with it. This is called *first-party verification or declaration*.
- ✓ A company may demand that its suppliers meet the standard and control by itself that they do so. This is *second-party verification*.



Conformity assessment



- ✓ Third party conformity assessment activity ; performed by a person or body that is independent of the person or organization that provides the object and of user interests in that object”.

This is *third-party verification* or *certification*.

- In Lebanon official product certification or certification of NL norm are performed by Libnor and by IRI.
- Non-official: a number of internationally accredited organizations such as SGS,BV,TUV, and others.



Conformity assessment



- ✓ At this stage companies may face a dilemma between the cost of complying with the standard before reaching their immediate financial performance target. Stopping at second party declaration may be considered arbitrary.
- ✓ Many governments professional associations and even private companies are requesting directly or implicitly that their foreign suppliers be certified on certain standards mainly in the agro-food sector (ISO 22000, HACCP) and in the machinery sector (CE marking or similar).
- ✓ The development of Mutual recognition bilateral agreements between countries is being xxxxxxxxxxxx



Impact of standards on industry and flow of product



- Standards can impact trade from various aspects :

In a positive manner:

- ✓ Enhancing trust to the consumer through quality and safety; consumers tend to buy products having compliance to their international standards.
- ✓ Reducing variety (less versatility); hence better economies of scale.
- ✓ Providing explicit knowledge; inconsistent knowledge of products causes delays in transactions with customers.
- ✓ Supporting accurate measurements which usually are favorable for technologists and innovators



Impact of standards on industry and trade



In a negative manner:

- ✓ Might increase cost of compliance .
- ✓ Might develop technical barrier to trade.

National vs International standards

According to the ISO adopting international standards has the following benefits:

- **Cost savings** - International Standards help optimise operations and therefore improve the bottom line
- **Enhanced customer satisfaction** - International Standards help improve quality, enhance customer satisfaction and increase sales



Impact of standards on industry and trade



- **Access to new markets** - International Standards help prevent trade barriers and open up global markets
- **Increased market share** - International Standards help increase productivity and competitive advantage
- **Environmental benefits** - International Standards help reduce negative impacts on the environment.
- ✓ Having said this, a study published by the OECD showed that the impact of national standards vs international standards on the performance of exports produced variable results some of it favoring National



Impact of standards on industry and trade



.....standards especially when it concerns agricultural products. Others are favoring international standards especially when stringent environmental requirements are present in National standards.



SPS REQUIREMENTS



- All EU-Med agreements emphasize the necessity of cooperation on SPS issues. Some agreements explicitly mention the aim of harmonizing SPS standards (e.g. Art. 51f for Lebanon).
- Member countries are encouraged to use international standards, guidelines and recommendations where they exist. However, members may use measures which result in higher standards if there is scientific justification.
- They can also set higher standards based on appropriate assessment of risks so long as the approach is consistent, not arbitrary.



SPS REQUIREMENTS



- ✓ References for International standards for food are based on the FAO /WHO Codex alimentarius; The International animal health organization for animals and the FAO's International plant protection convention.



Conclusion



- The policy followed by the National standardization body Libnor has allowed it until to meet now to meet the SME industry and trade local and international requirements in terms of standards ,despite its limited resources and despite the ambiguous non-assertive position of the government in adhering to the various trade agreements such as WTO,TBT ,ACAA and so on.
- Furthermore the Policy of Libnor has facilitated the involvement of all stakeholders in the adoption of standards through the members of the technical committees, as well as through Libnors agreements with NSBs from various countries .



Conclusions



- Providing more training ,awareness and exposure to SME on standards is an important and necessary step to be followed by Libnor, as studies have shown that lack of awareness of the standards' benefit to their business can be a barrier to SMEs participation in their development.
- Provide support the participation of experts representing SMEs' interests in the process.



Thank you for your attention

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