

# Compliance of the OIC Member States to International Standards

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# Outline

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1. Introduction: Standards faced by OIC member states in export markets
  1. Extra-OIC trade
  2. Intra-OIC trade
2. OIC member states' use of international standards
  1. General observations
  2. Case study results: Bangladesh, Egypt, and Senegal
3. Participation of OIC member states in international standards bodies
4. Conclusion and policy implications

# Key messages

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1. OIC countries face significant standards-related barriers in export markets, both for intra- and extra-trade.
2. TBTs are particularly prevalent, but SPS measures are also important in food-related sectors.
3. There is much to be done to try and limit the impact of standards on intra-regional trade.
4. OIC countries make extensive use of international standards in two primary ways:
  - ▶ Incorporation: Issuance of international standards as domestic standards, with direct influences on producers and consumers.
  - ▶ Indirect use: Authorization of foreign goods in the market if they conform with international or foreign standards, typically when there is no relevant domestic standard.

# Key messages

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5. OIC member states' participation in international standards bodies is mixed, from strong (Codex) to weaker (IEC). Participation in international accreditation and metrology bodies is moderate.
6. Membership patterns vary across country groups, with African countries experiencing more difficulties than others.
7. A major priority going forward should be the encouragement of effective participation, for example through ISO Technical Committees.
8. It will be important to mobilize human, technical, and financial resources for lower income developing countries, particularly in Africa.

# 1. Introduction: Standards faced by OIC member states in export markets

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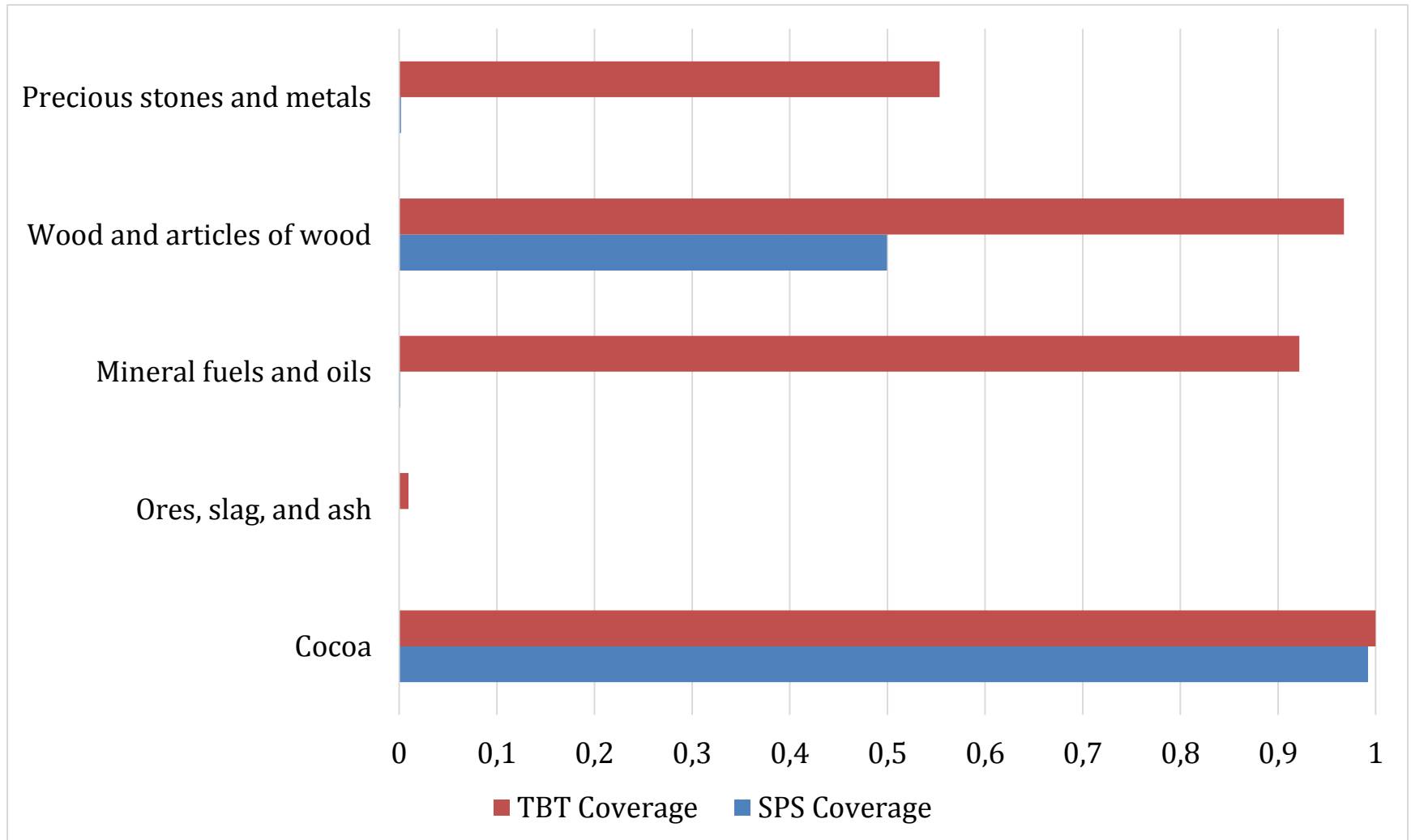
- ▶ The report contains a partial analysis of export barriers faced by OIC member states in third markets.
- ▶ Coverage is necessarily partial because there is no global database of standards, covering public and private, mandatory and voluntary.
- ▶ Focus is on information retained from UN/World Bank TRAINS database:
  - ▶ Compulsory measures only.
  - ▶ SPS measures and TBTs.
  - ▶ Selected countries only (constantly under expansion), with different base years.

# 1. Introduction: Standards faced by OIC member states in export markets

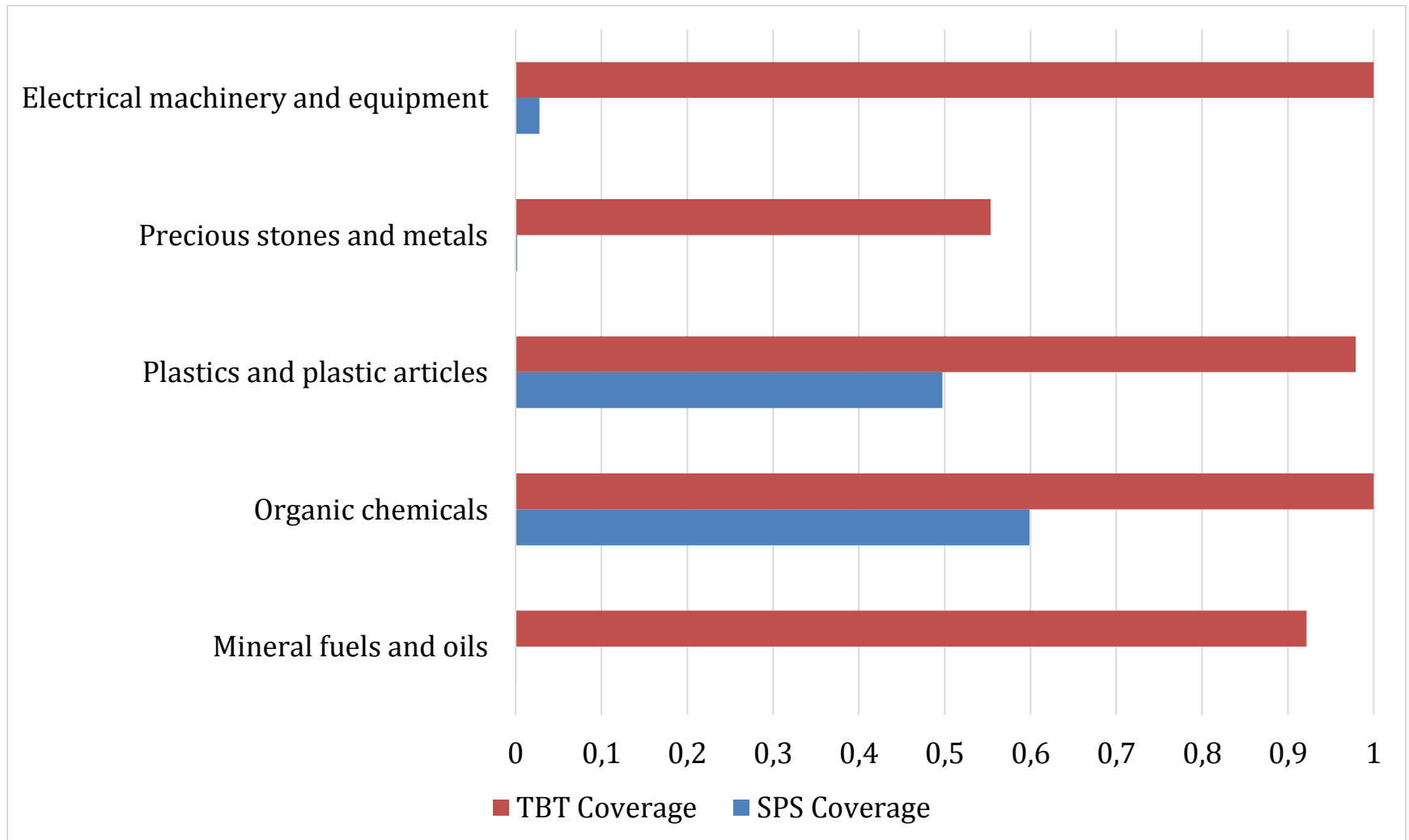
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- ▶ For expositional clarity, it is important to limit the presentation in terms of countries and sectors:
  - ▶ Sectors: Five main export sectors of the African, Arab, and Asian groups within the OIC.
  - ▶ Countries: EU as a proxy for the large, Northern markets. Nigeria, and Pakistan as proxies for OIC member states (no Arab group country in the dataset).
- ▶ Results should be taken as indicative only, as the surveys upon which TRAINS is based remain imperfect, although greatly improved from previous versions.
- ▶ Three measures:
  - ▶ Coverage: % of imports affected by measures.
  - ▶ Frequency: % of product lines affected by measures.
  - ▶ Prevalence: Average number of measures per product.
- ▶ Not possible to cover all three measures for all groups in a presentation format, so only the coverage ratio is presented.

# 1. Introduction: Standards faced by OIC member states in export markets. Extra-OIC trade.

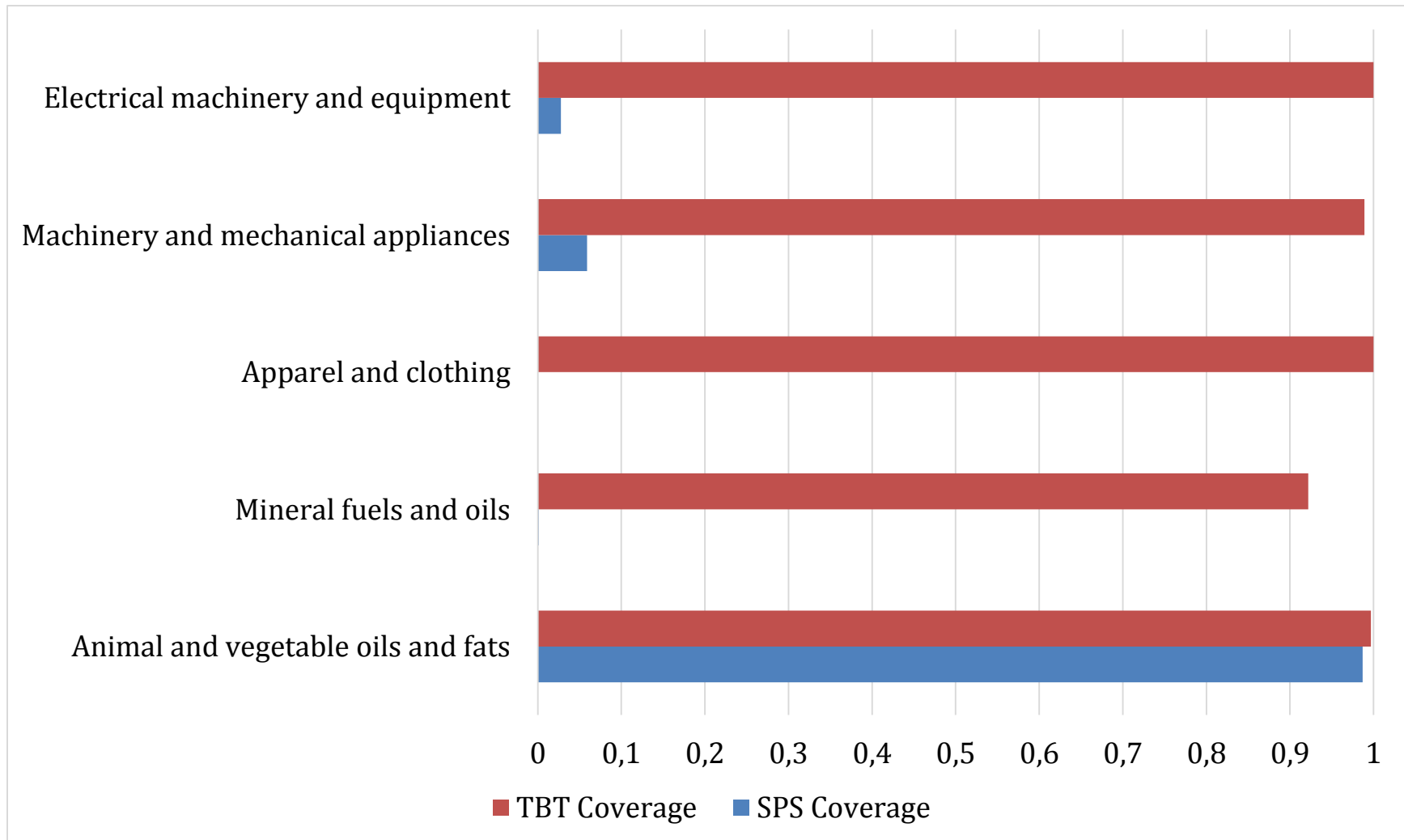


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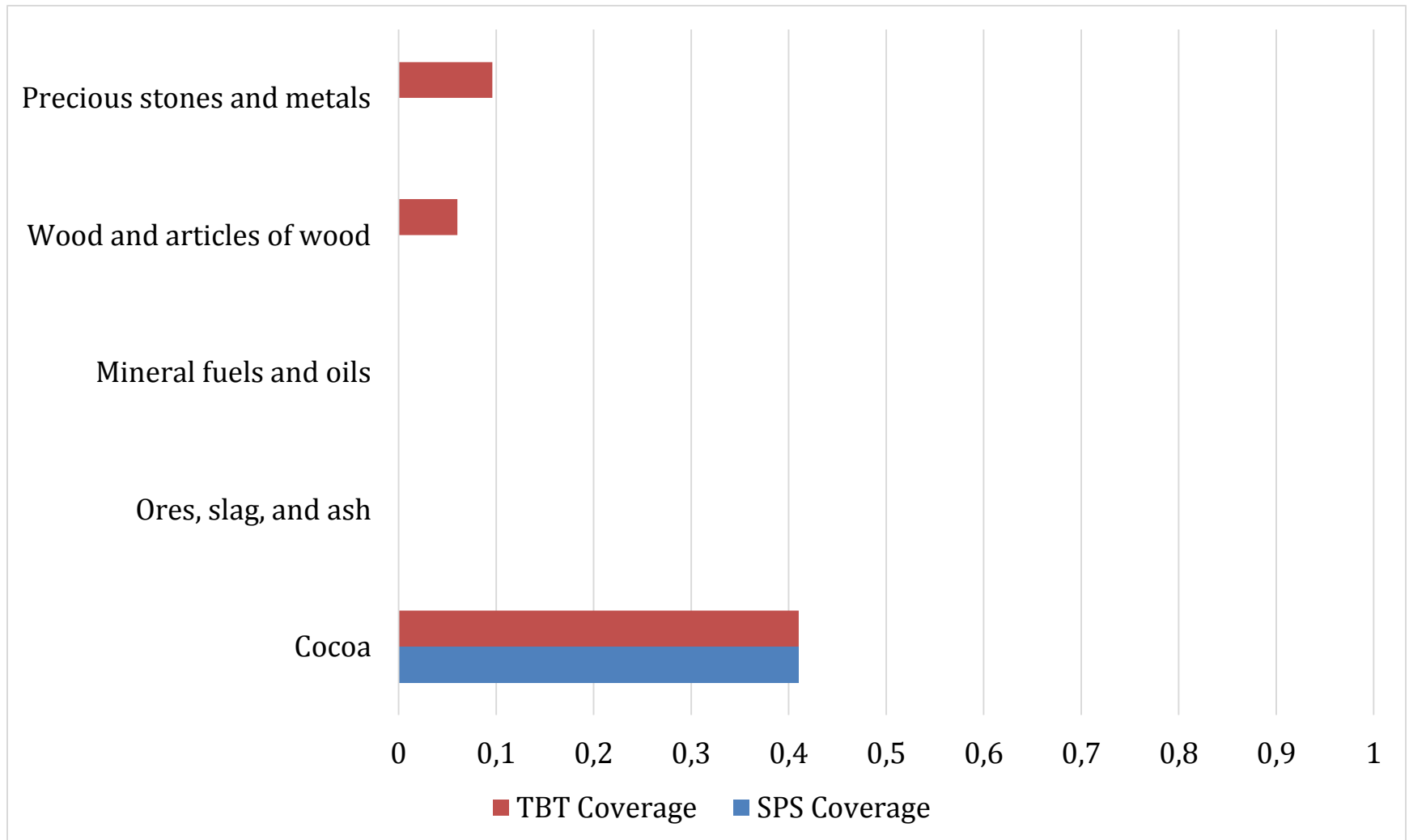


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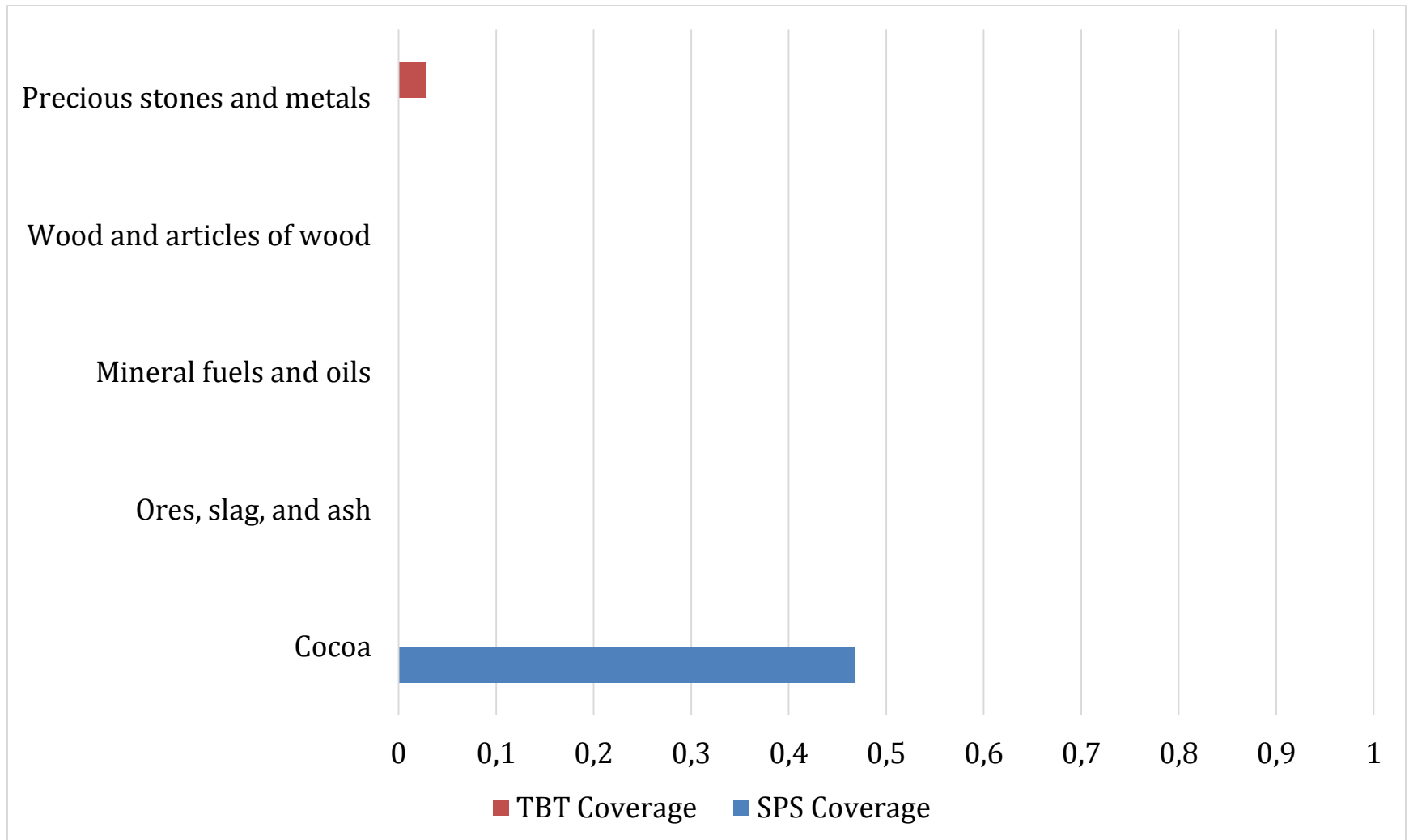
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- ▶ The Asian Group faces the overall heaviest standards burden in the EU market, due to product mix.
- ▶ TBTs are more of an issue for all groups than SPS, which are primarily important for cocoa (Africa), and oils and fats (Asia).
- ▶ In affected product categories, TBTs and sometimes SPS cover essentially all trade by value.
- ▶ To summarize, mandatory standards are a serious market access issue for all OIC countries vis-à-vis the EU as a proxy for the developed, Northern markets.

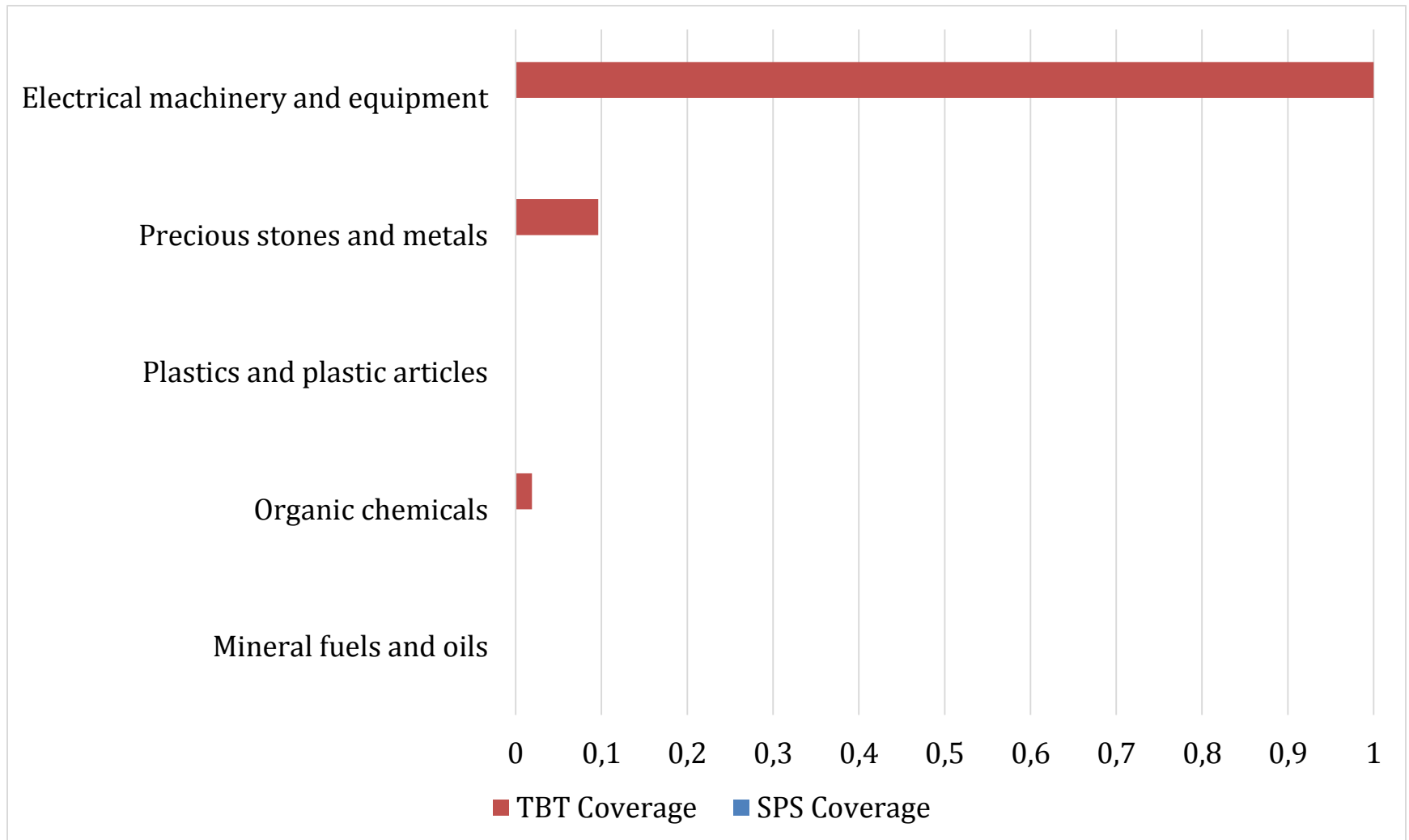
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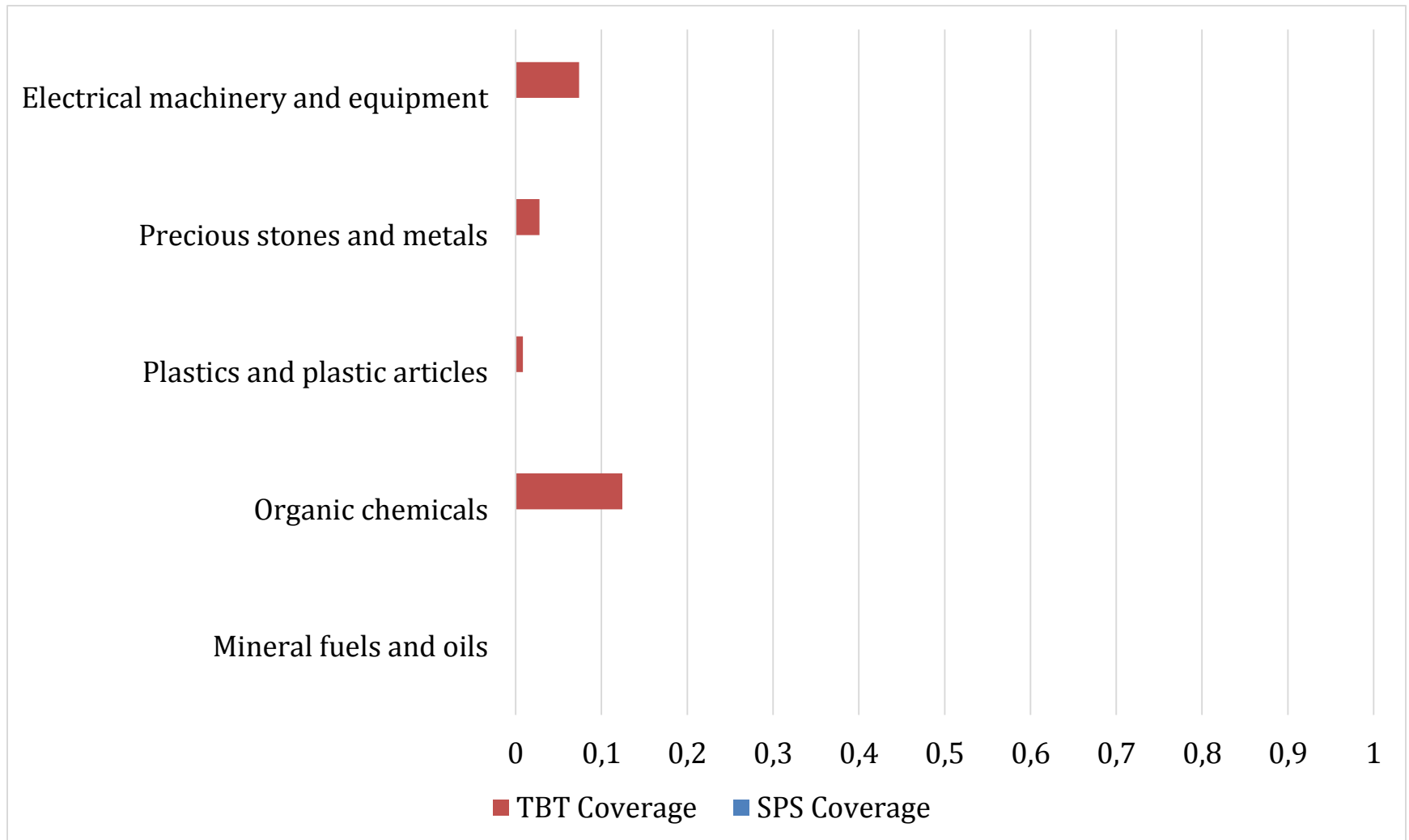
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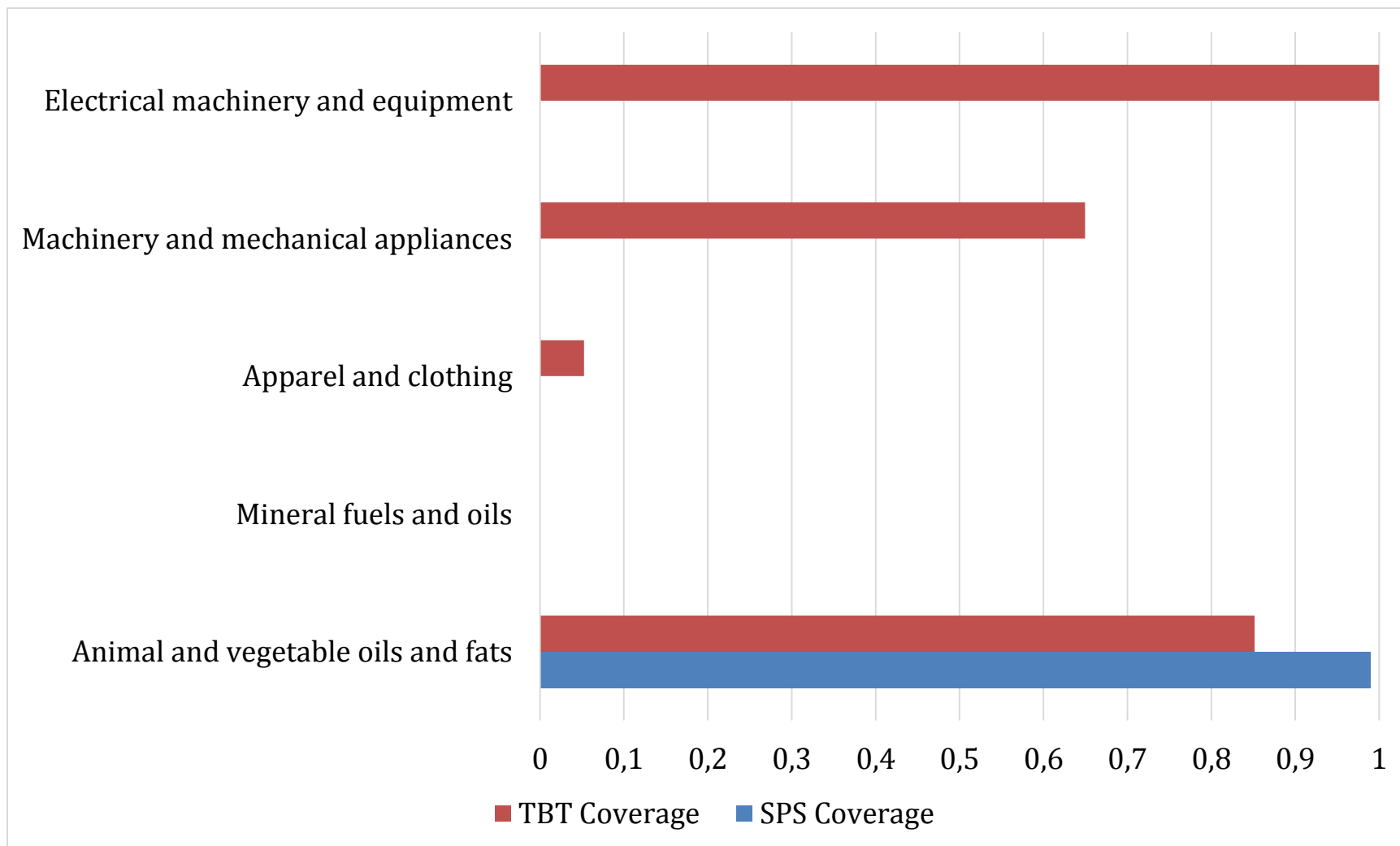
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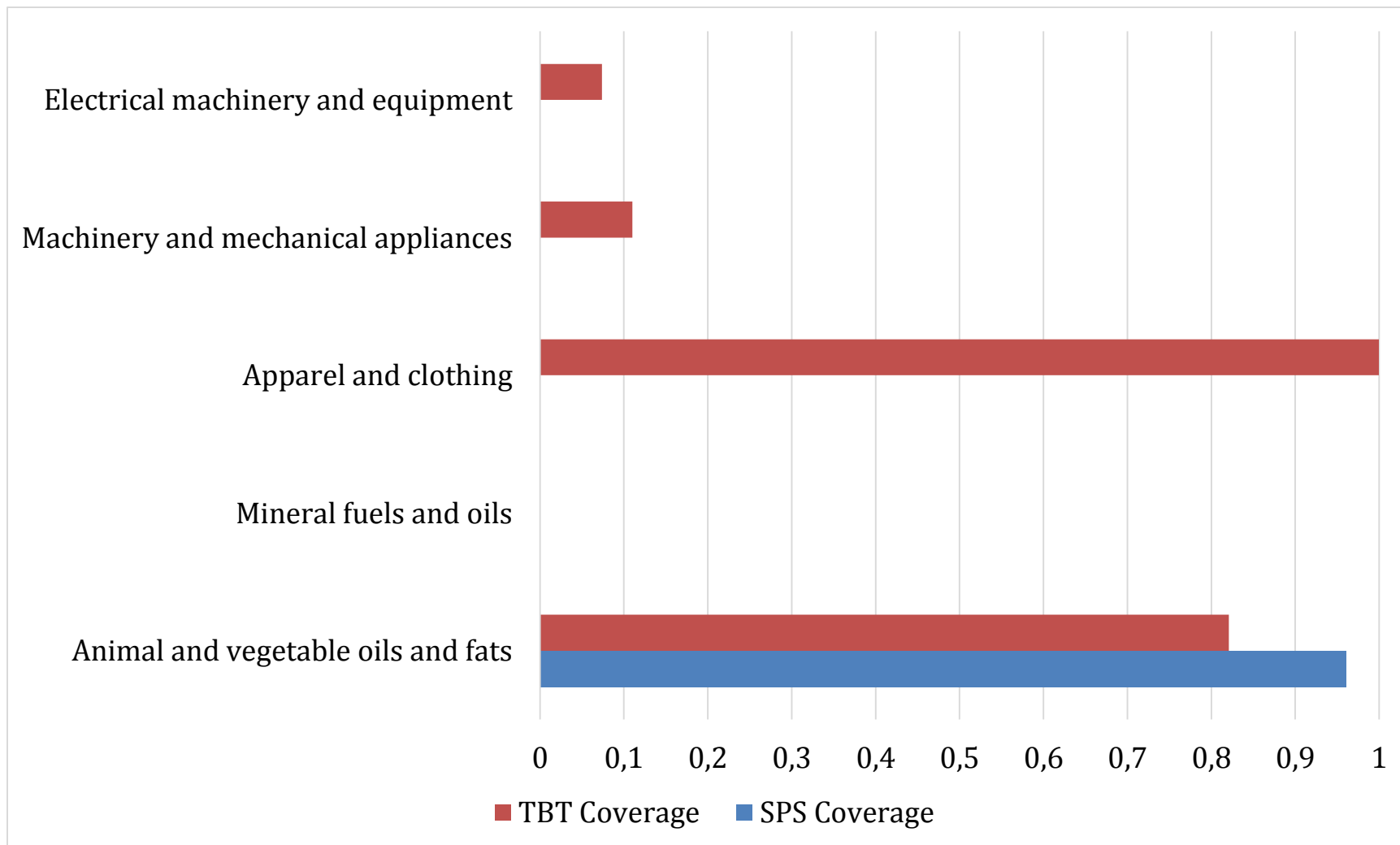
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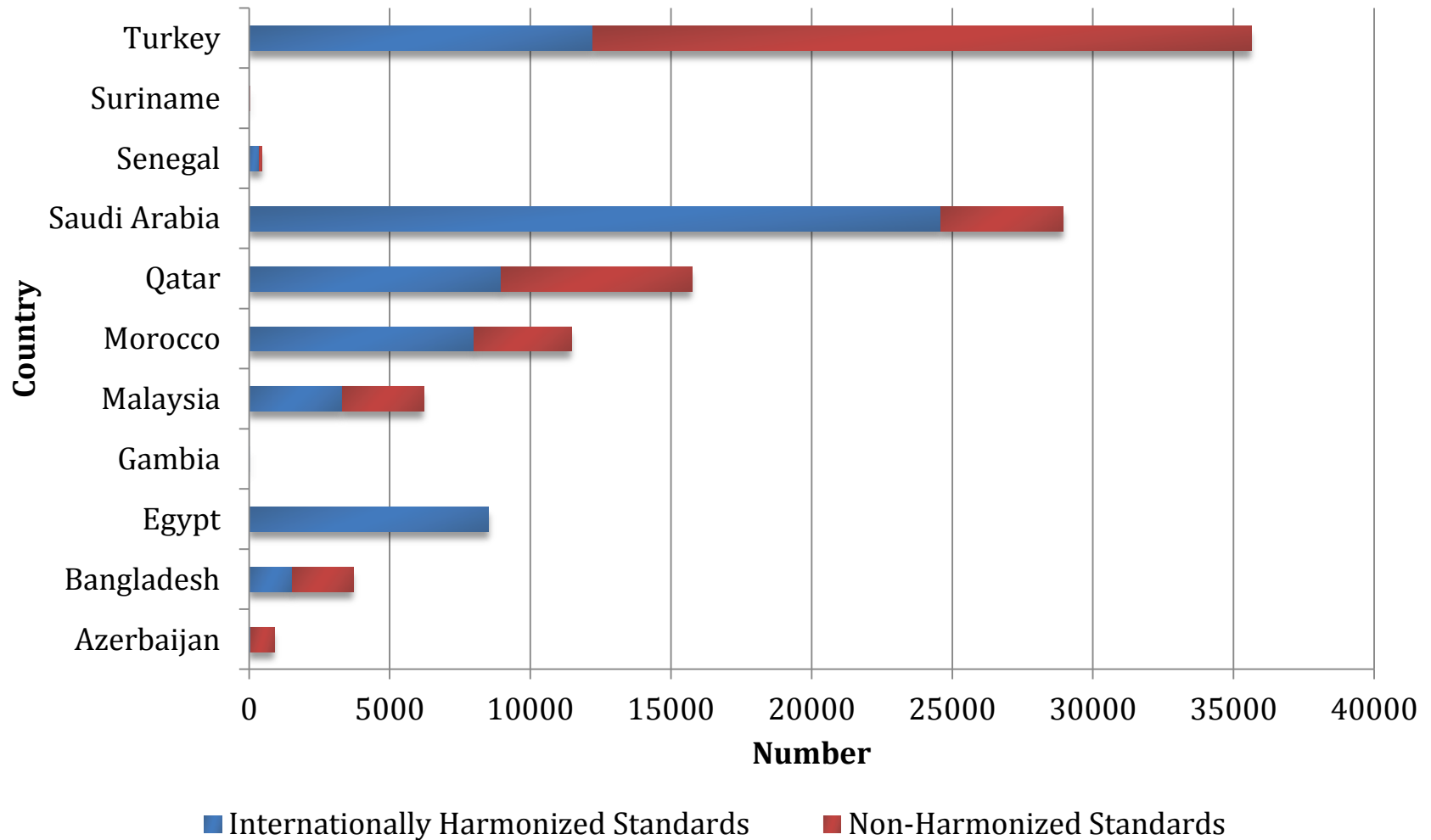
- ▶ Standards generally cover a lesser proportion of intra-OIC trade compared with extra-OIC trade.
- ▶ However, a number of sectors stand out as having relatively heavy coverage:
  - ▶ Electrical equipment
  - ▶ Machinery
  - ▶ Animal and vegetable fats and oils.
- ▶ The standards issue for intra-OIC trade typically revolves around TBTs; SPS are only an issue in a couple of areas.

## 2. OIC Member States' use of international standards

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- ▶ The report conducted an informal survey of standards agencies in OIC countries to assess their use of international standards.
- ▶ Also addressed the issue of mutual recognition of conformity assessment procedures.
- ▶ The response rate was not high, but partial information is available as a guide to current practice within the group.

## 2. OIC Member States' use of international standards



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- ▶ All OIC member states for which data are available are certainly alive to the issue of international standards.
- ▶ But practice varies considerably, from almost no use of international standards, to relatively strong use.
- ▶ In general, more advanced standards systems use a greater proportion of international standards, while still leaving room for domestic standards as appropriate when circumstances require them.

## 2. OIC Member States' use of international standards

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- ▶ Practice for mutual recognition of conformity assessments varies across countries:
  - ▶ Turkey has 120 MRAs, Saudi Arabia has 21, and Morocco has 8.
  - ▶ Azerbaijan has signed 10 agreements on standards cooperation, that could potentially support mutual recognition, among other features.
  - ▶ Malaysia is part of ASEAN MRAs.
  - ▶ Qatar does not have any MRAs, but in practice recognizes test results of laboratories accredited to ISO standards.
  - ▶ The Gambia does not have any capacities for mutual recognition of conformity assessment.

## 2. OIC Member States' use of international standards

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- ▶ In addition to direct use of international standards—i.e., through incorporation into domestic standards—a number of countries also adopt a recognition approach.
- ▶ Egypt's approach is typical: if there is no relevant Egyptian standard for a product, then goods are still allowed into the market provided they comply with one of a range of international standards (ISO, British, German, etc.).
- ▶ Similar approaches seen in Senegal, another case study country.
- ▶ Of particular relevance to developing countries with relatively sparse standards coverage—can be a useful way of filling in the blanks in terms of coverage, and realizing some of the economic gains of harmonization.
- ▶ Enforcement on the ground is an issue.

## 2. OIC Member States' use of international standards

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- ▶ In addition to the informal survey, three case studies of OIC member states were conducted: Bangladesh, Egypt, and Senegal.
- ▶ All three countries have been active in terms of upgrading quality infrastructure, including through the use of international standards.
- ▶ Different development levels and sectoral specializations, as well as regional contexts, influence the approach to international standards.

## 2. OIC Member States' use of international standards

### Bangladesh case study

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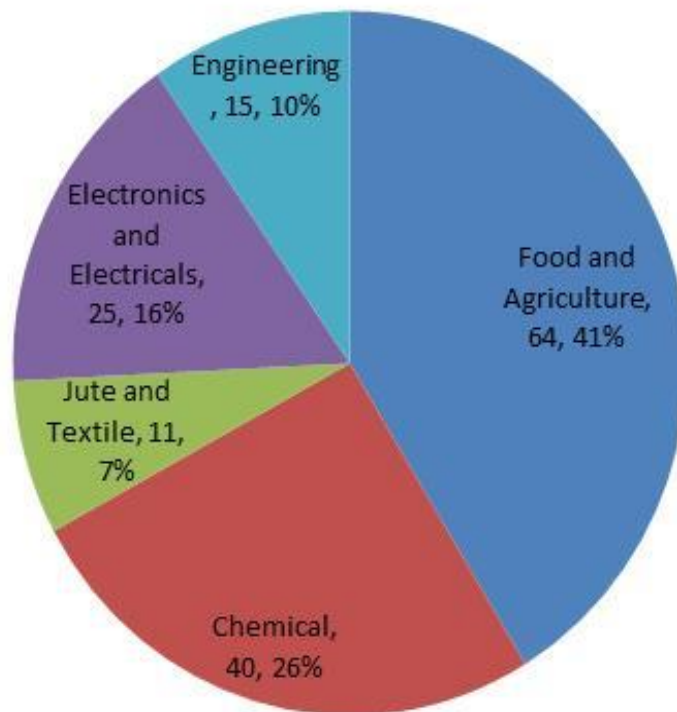
- ▶ Bangladesh relies heavily on the readymade garment (RMG) sector as a source of export earnings.
- ▶ Compliance with standards in export markets is an important issue, especially in the EU. Also important for other key sectors, like fish and seafood.
- ▶ Out of 3,500 RMG factories, over 2,000 comply with international standards in an effort to boost export competitiveness. Local development, with support from partners like GTZ, ISO, UNDP, UNIDO, and others. Of 3,683 local standards, almost 50% are aligned with international standards.
- ▶ Standards infrastructure includes a standards body, metrology institute, 40 accredited testing laboratories with another 400-500 seeking accreditation. The standards body also carries out inspection and certification activities.



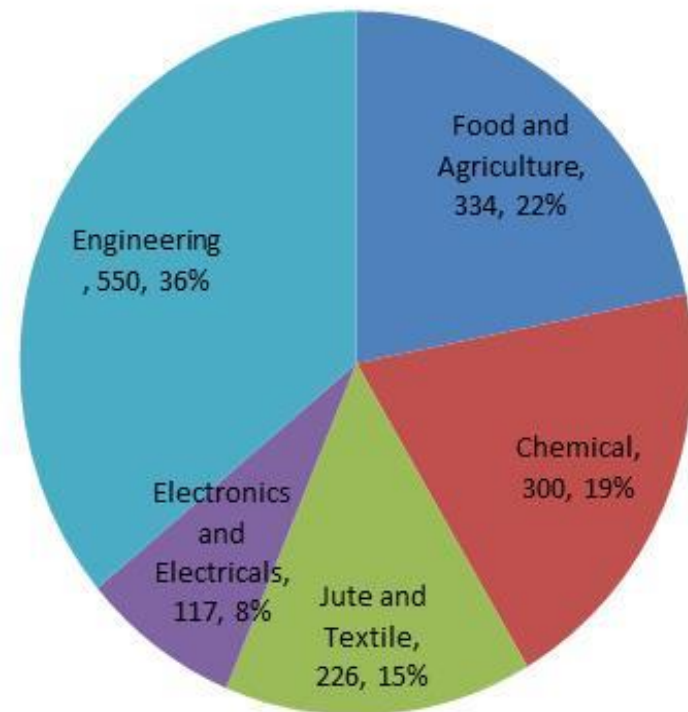
## 2. OIC Member States' use of international standards Bangladesh case study

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### Mandatory Standards



### Voluntary Standards



## 2. OIC Member States' use of international standards Bangladesh case study

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- ▶ Bangladesh realizes the importance of participating in international bodies, but capacity constraints are serious.
  - ▶ 22 ISO Technical Committees.
  - ▶ 2 ISO Policy Development Committees.
  - ▶ 7 Codex Committees.
- ▶ No MRAs, but MoUs drafted for Nepal, Turkey, and Saudi Arabia. Cooperation Agreement in force with India.
- ▶ Main regional initiative is SARSO, which has finalized seven standards out of 35 identified priority products. Gives priority to international standards.

## 2. OIC Member States' use of international standards

### Egypt case study

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- ▶ Egypt has a higher level of per capita income than the other two case study countries, and correspondingly a higher level of standards capacity.
- ▶ Export mix includes fuels and oils, as well as manufactured goods and agricultural products. Stronger role of emerging markets as a source of demand.
- ▶ Standardization is run by the public sector, by contrast with many other countries where private law bodies play a significant role.

## 2. OIC Member States' use of international standards

### Egypt case study

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- ▶ Quality infrastructure includes a standards body, metrology institute, accreditation body, and control organization. Technical assistance and capacity building from multilateral agencies, the EU, and the US has been important.
- ▶ Of around 10,000 issued standards, around 10% are mandatory, and a strong proportion are harmonized with international standards (ISO, IEC, Codex).
- ▶ Active in 295 ISO Technical Committees, and 74 IEC Technical Committees.
- ▶ No MRAs, but MoUs with a number of countries: 16 Arab partners, China, Uganda, USA, France, Germany, UK, Ukraine, Australia, and Kenya

## 2. OIC Member States' use of international standards Egypt case study

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- ▶ Technical assistance has played a substantial role in helping Egypt upgrade quality infrastructure.
  - ▶ EU
  - ▶ USA
  - ▶ UNIDO
- ▶ Standards related issues in export markets remain a notable constraint, particularly on smaller firms.
- ▶ Many bodies are involved in managing quality, and it might be appropriate to consider rationalizing them (e.g., food safety).

## 2. OIC Member States' use of international standards

### Senegal case study

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- ▶ Senegal is a small LDC where capacity constraints facing the development of quality infrastructure are serious. It relies on commodity exports, primarily to regional markets and the EU.
- ▶ Only 444 standards have been issued, of which 32 are mandatory and around 80% are harmonized with international standards.
- ▶ The national standards body is active.
- ▶ Some fragmentation in the inspection and certification landscape, due to sectoral specializations.
- ▶ No metrology institute.
- ▶ No official testing laboratories, but one private laboratory performs tests. Reliant on foreign bodies for accreditation.

## 2. OIC Member States' use of international standards

### Senegal case study

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Sector	Number of standards
Electrotechnical	30
Construction	83
Agriculture	144
Environment	89
Commerce	4
Chemical	51
Solar energy	19
Household energy	5
Health	19

## 2. OIC Member States' use of international standards Senegal case study

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- ▶ Senegal is notable for its use of regional initiatives through UEMOA to upgrade quality infrastructure and develop additional elements on a joint basis.
- ▶ Requires additional technical and financial assistance to become fully operational.
- ▶ Regional approach has considerable potential as a means of effective cost sharing among small, resource constrained countries.



### 3. Participation of OIC member states in international standards bodies

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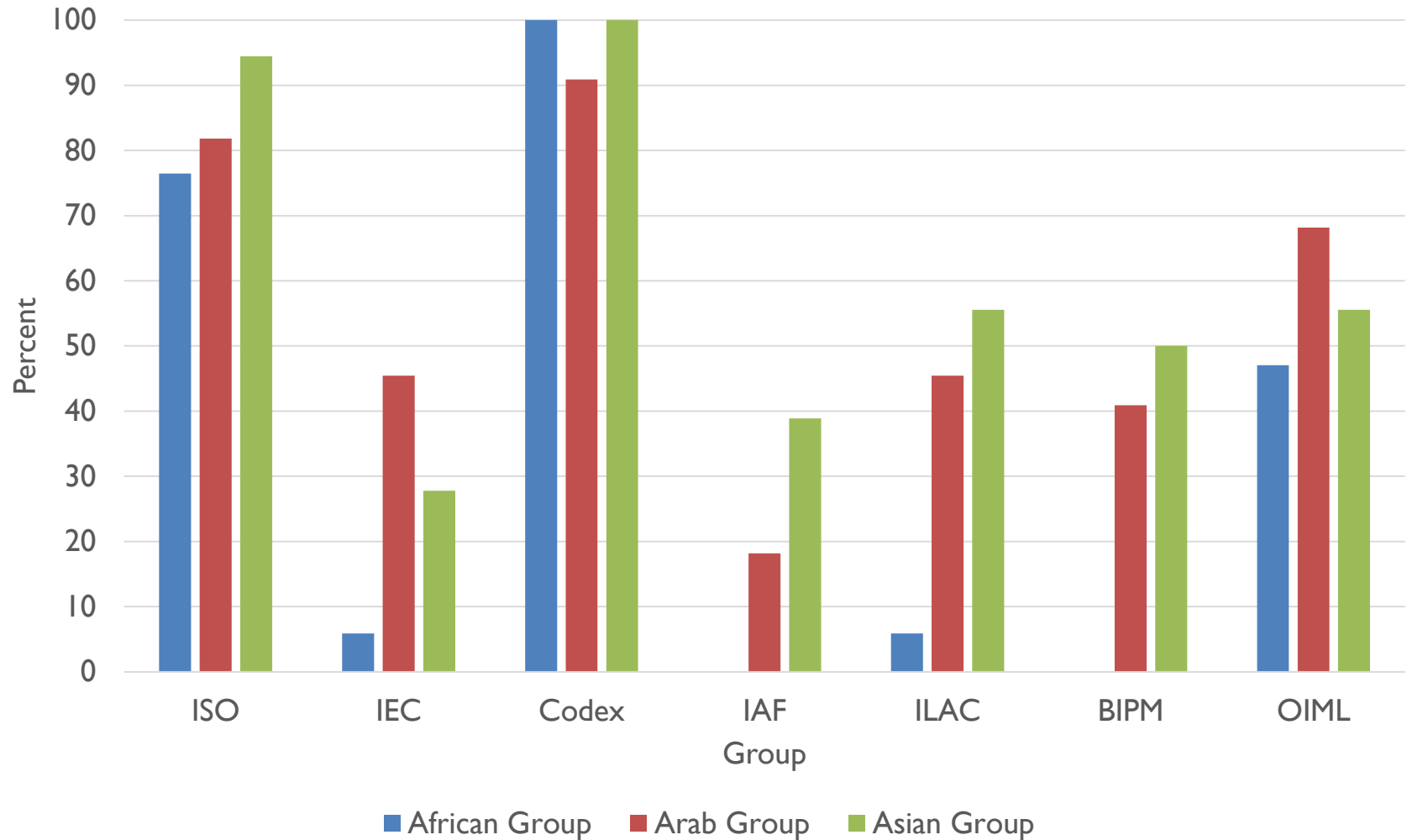
- ▶ Participation in international standards bodies is key for ensuring that standards respond to a wide range of circumstances.
- ▶ It is not enough to be a member of an international standards body: it is important to achieve real, effective participation.
- ▶ Challenge for lower income developing countries, both because of cost, and level and diversity of technical expertise (large number of committees).

### 3. Participation of OIC member states in international standards bodies

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	ISO	IEC	Codex
Full Member	35	11	55
Correspondent/Observer	13	5	NA
No Relationship	9	41	2

### 3. Participation of OIC member states in international standards bodies



### 3. Participation of OIC member states in international standards bodies

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- ▶ ISO provides a good example of the potential disconnect between membership and effective participation.
- ▶ Its work is conducted in more than 700 Technical Committees, which work on the substance of standards for particular groups of products.
- ▶ The most active OIC member states participate in hundreds of TCs: 518 (Iran), 391 (Turkey), 310 (Egypt), over 200 (Indonesia and Malaysia).
- ▶ However, some other OIC countries do not take part in any TCs: Guyana, the Kyrgyz Republic, Niger, Suriname, and Turkmenistan.

### 3. Participation of OIC member states in international standards bodies

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- ▶ OIC member states' participation is strongest in the Codex, with near total coverage.
- ▶ ISO also has strong participation; cf. the IEC, where participation is relatively weak.
- ▶ There is a regional pattern in participation: the Asian and Arab groups typically participate more frequently than the African group.
- ▶ Using the ISO as a case study, there is a significant gap for many countries between formal membership and actually being able to exert an influence over these bodies' work.

## 4. Conclusion and policy implications

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- ▶ Standards are just one part of quality infrastructure. Institutions like metrology and accreditation are also important.
- ▶ OIC countries make extensive use of international standards, both directly (incorporation) and indirectly (where no national standard exists).
- ▶ Mutual recognition of conformity assessments is necessary to give full scope to the benefits that can stem from international harmonization, but practice is more mixed.
- ▶ One attractive option is the Qatari approach of de facto recognition of ISO-conforming test results.

## 4. Conclusion and policy implications

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- ▶ Promoting membership of international quality institutions—including standards bodies—is important, in particular for lower income developing countries, and African countries.
- ▶ But support needs to go beyond membership to look at effective participation.
- ▶ Important to mobilize human, technical, and financial resources to support the engagement of developing countries in the technical work of international standards bodies.

## 4. Conclusion and policy implications

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- ▶ Effective participation is important to avoid a situation where international standards unduly reflect conditions prevailing in a small number of developed countries.
- ▶ More effective participation increases the chances that international standards will be inclusive, and therefore more widely adopted.
- ▶ Helps maximize the market access gains from harmonization by expanding the effective market size as far as possible.