
**FINAL REPORT:
STANDARDS FOR SUSTAINABLE TRADE**

**IISD
Trade & Investment Programme
31 January 2004**

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Table of Contents

<u>OVERVIEW OF THE PROJECT: OBJECTIVES, IMPLEMENTATION, OUTPUTS AND OBSTACLES</u>	1
PROJECT OBJECTIVES AND RATIONALE	1
RESEARCH FOCUS: STANDARDS FOR SUSTAINABLE TRADE	2
RESEARCH FOCUS: GEOGRAPHIC REGIONS	2
RESEARCH FOCUS: INSTITUTIONS AND ACTORS	3
PROJECT IMPLEMENTATION	4
OUTPUTS	6
OBSTACLES TO PROJECT IMPLEMENTATION	6
<u>REGIONAL RESEARCH: SUMMARY OF KEY FINDINGS</u>	7
SUMMARY: SOUTHERN & EASTERN AFRICA	7
SUMMARY: SOUTH AMERICA	10
SUMMARY: SOUTH ASIA	12
<u>SUMMARY OF INTERNATIONAL FINDINGS</u>	15
THE STANDARDS-TAKER TRAP	16
ARTICLE 11: TECHNICAL ASSISTANCE	18
SIMPLISTIC SOLUTIONS WILL NOT RESOLVE COMPLEX PROBLEMS	19
<u>CONCLUSIONS AND RECOMMENDATIONS</u>	21
<u>LIST OF SUPPORTING DOCUMENTS:</u>	24

Overview of the Project: objectives, implementation, outputs and obstacles

PROJECT OBJECTIVES AND RATIONALE

The objective of the “Standards for Sustainable Trade” project is, broadly, to identify policies and strategies to reduce the impact of technical barriers to trade and, in so doing, to help increase the volume of exports from developing countries to developed-country markets. The project’s objectives are consistent with those outlined in October 2001 EC briefing note: “Towards Removing Technical Barriers to Trade”¹.

The project was conceived and designed between February and November 2001, in consultation with EC DG Trade, at a time when it seemed clear that implementation issues would be a key concern of developing countries in the World Trade Organization’s (WTO) Doha Development Round of trade negotiations. Developing countries had consistently raised concerns regarding their ability to implement and benefit from the WTO’s Agreement on Technical Barriers to Trade (TBT) and the Agreement on Sanitary and Phytosanitary (SPS) Measures.

There is a widespread understanding that substantial investments are needed in institutional, organizational and human resources to build the capacities needed to enable developing countries to benefit from the TBT and SPS Agreements. There is also a widespread understanding that developing countries will need assistance from developed countries to fund these investments. Indeed, both the TBT and SPS Agreements contain provisions on technical assistance that require WTO members to provide assistance to other members. The problem is that the need for investments in developing countries far outstrips the volume of technical assistance funds available, and the mechanisms in developing countries to identify and prioritize technical assistance needs are insufficient to the complexity of the issues.

The Standards for Sustainable Trade project was designed to address this dilemma by investigating whether regionally focused trade-related technical assistance projects could be a more cost-effective and efficient way of identifying and delivering TBT- and SPS-related technical assistance. The project would test the hypothesis that regional centres of excellence could deliver the wide variety of services and institutions needed to implement and benefit from the TBT and SPS Agreements. This would include, among other things: standardization, conformity assessment, accreditation, notification and inquiry points, scientific and legal capacities.

In keeping with IISD’s own trade-policy – which asserts that the pursuit of sustainable development should be the ultimate objective of trade policy – the project was framed in the context of sustainable development. This had two components: first, to the extent that it was possible, the project would focus on standards and technical regulations that address environmental or social aspects. Second, the project would consider how investments in TBT- and SPS-related institutions and capacities could also strengthen or complement institutions and capacities to develop and implement sustainable development policy more generally.

Although the project had a sustainable development “filter”, it was recognized that the application of this filter would have to be left largely at the discretion of the regional

¹ Trade in Actions: “Towards Removing Technical Barriers to Trade”, EC DG Trade, October 2001; available at: <http://europa.eu.int/comm/trade/goods/barriers/contrib.htm>

implementing partners. As a result, the project focuses on slightly different aspects in each of the three regions in which it was implemented.

RESEARCH FOCUS: STANDARDS FOR SUSTAINABLE TRADE

Although the project name refers to “Standards”, which, in the WTO lexicon, refers specifically to documents that specify voluntary requirements, the project also focused on mandatory technical regulations. The project name also refers to “Sustainable Trade”, which we use to refer to trade in goods and services that respect the principles of sustainable development: environmental protection, social justice, and economic development.

The Standards for Sustainable Trade project’s remit, then, focuses on ensuring that sustainable development-related requirements do not unfairly restrict access to markets. This includes a broad range of requirements that fall under both the TBT and SPS Agreements. This is consistent with our belief that economic growth is an important component of sustainable development, and that trade is an important contributor to economic development.

The specific objective of any standard or technical regulation is to restrict access to a market. There are many legitimate reasons for this: for instance, a regulation that restricts the import of dangerous goods is an important contributor to consumer-protection policy. The project is not intended to identify technical assistance strategies to help producer countries avoid having to comply with requirements. The objective is to help identify technical assistance strategies that help them to establish the necessary institutional, organizational and human resource capacity to be able to identify, understand, implement and demonstrate compliance with standards and technical regulations.

RESEARCH FOCUS: GEOGRAPHIC REGIONS

The project was implemented in three regions and 12 countries. Local partner organizations were responsible for coordinating activities in each region, including the national research, which was also undertaken exclusively by local researchers. The project was active in the following countries and regions (regional implementing partners listed in parentheses):

- | | |
|--------------------------|---|
| South America (3): | Brazil, Chile, and Paraguay (Recursos e Investigacion para el Desarrollo Sustentable (RIDES) – Chile) |
| South Asia (4): | Bangladesh, India, Nepal, and Pakistan (Bangladesh Centre for Advances Studies (BCAS) – Bangladesh, and Sustainable Development Policy Institute (SDPI) – Pakistan) |
| South & East Africa (5): | Kenya, Namibia, South Africa, Uganda, and Zimbabwe (African Centre for Technology Studies (ACTS) – Kenya) |

A list of the national researchers and of contact points in relevant organizations in each of the countries of operation is included in the mid-term report.

RESEARCH FOCUS: INSTITUTIONS AND ACTORS

The research under this project necessarily targeted a broad range of public policy issues, institutions and organizations. Unlike tariff barriers, the impact of non-tariff barriers to trade is a function of both the externally imposed requirements and of the internal capacity to comply with these requirements. Public policies to address non-tariff barriers to trade must address industrial organization, education, training and human resource development, institutional capacity, economic development, technology transfer, and many other areas.

The main obstacle to improving implementation of the TBT and SPS Agreements in developing countries is not a lack of understanding of the types of capacity building needed: two studies released during the course of this study – one undertaken by the WTO’s Committee on Technical Barriers to Trade, another by the International Organization for Standardization (ISO) – provided yet more information on the range of technical assistance needed. As became obvious from early discussions in the project, the need to coordinate between a wide diversity of relatively unfamiliar actors is one of the biggest challenges. The recognition of this challenge early in the project helped to reform the focus of activities towards ensuring the engagement of all interested parties.

There is a complex chain of institutions and organizations involved in coping with technical barriers to trade. This presents a challenge to research projects in this area: a full understanding of the associated technical assistance priorities requires interaction with the full range of actors involved. Without inspecting all of the links in a chain, it is very hard to identify the weakest one – and difficult to propose ways for the chain to be strengthened. In addition, while some of the most important institutions and actors involved are common to all sectors², each industry sector also has its own unique chain of actors, institutions, competencies, technical barriers and cooperation mechanisms.

The project focused on whether regional cooperation would be an effective mechanism for increasing the effectiveness of technical assistance on the following issues in particular:

- ❑ Increasing developing country participation in international standards bodies;
- ❑ Developing the administrative structures and institutional capacity needed to implement TBT Agreement provisions;
- ❑ Promoting a robust standardization infrastructure; and
- ❑ Promoting robust conformity assessment and accreditation infrastructures;

The main methodological challenge facing the project was how to design a research framework that was focused enough to understand the specific problems facing individual sectors, but that would also support general conclusions on the above priority areas. This issue was addressed by the project’s Advisory Committee, which agreed that, wherever possible, national-level research should focus on specific industry sectors, and regional research should focus on the intersections observed between the sectors relevant to the four priority areas.

² For example, export promotion agencies, national standards bodies, accreditation agencies, metrology and laboratory facilities, trade ministries, ...

PROJECT IMPLEMENTATION

The project was implemented jointly by five lead organizations, under the aegis of the Regional and International Networking Group (RING) of Organizations Working for Sustainable Development. Other organizations and individual experts were also engaged to undertake research in eight of the target countries. The project partners are:

Overall Project Management – International Institute for Sustainable Development (IISD)

Southern & Eastern Africa (lead) – African Centre for Technology Studies (ACTS)

- Kenya** – Department of External Trade, Ministry of Trade & Industry
- Namibia** – The Namibian Economic Policy Research Unit (NEPRU)
- South Africa** – South African Bureau of Standards (SABS)
- Uganda** – Ministry of Trade, Tourism and Industry
- Zimbabwe** – ZERO Regional Environment Organization

South Asia (co-leads) – Bangladesh Centre for Advanced Studies (BCAS)
– Sustainable Development Policy Institute (SDPI), Pakistan

- Bangladesh** – Bangladesh Centre for Advanced Studies
- India** – Development Alternatives
- Nepal** – Nepal Council for Development and Research
- Pakistan** – Sustainable Development Policy Institute – Islamabad

South America (lead) – Recursos e Investigación para el Desarrollo Sustentable (RIDES)

- Brazil** – Luciana Togeiro, Economic Consultant
- Chile** – Recursos e Investigación para el Desarrollo Sustentable
- Paraguay** – Instituto de Derecho y Economía Ambiental (IDEA)

An initial scoping exercise by the lead partners identified organizations with relevant expertise and activities in each region, and gave the partners enough of an initial exposure to the issues to assess obstacles and opportunities for the implementation of the project. An Advisory Committee meeting was then held in Geneva, Switzerland, on 15-16 July 2003, to discuss and endorse an implementation strategy, and to outline additional issues needing attention³. As a result of the Advisory Committee recommendations, three additional documents were prepared:

- i) **Standards for Sustainable Trade – Overview of the Issues**⁴: This paper outlines in more detail the scope of the project, particularly with respect to the relationship between “sustainable development” and “sustainable trade”, the relevant provisions on the TBT and SPS Agreements, the different institutional requirements related to standards and technical regulations, and the conditions under which standards and technical regulations may be “unfair” barriers to market access.
- ii) **Emerging International Framework for Accreditation**⁵: This paper outlines the relationship between a variety of organizations and institutions involved in establishing a harmonized international system for the mutual recognition of conformity assessments. It also identifies the technical and legal infrastructures that countries need in order to participate in and benefit from the international architecture.

³ See Annex D: Mid-term Report

⁴ See Annex D: Mid-term Report

⁵ See Annex D: Mid-term Report

iii) **The Quality Institutions – an enabling infrastructure for international trade⁶:**

This paper provides an introduction to the three quality institutions: procedures for ruling-making; conformity assessment; and accreditation. These institutions, and the organizations involved in them, are the basic foundation on which any country must base efforts to reduce the impact of technical barriers to trade.

Following the Advisory Committee meeting, the regional partners developed research methodologies, contracted experts in target countries, contacted regional organizations, and began a technical assistance capacity needs assessment for the relevant industries. This research was completed in Spring 2003, and formed the basis for the regional workshops. These workshops were an opportunity not only to fact-check the findings of the field research but, more importantly, to bring the relevant actors together in the same room to identify areas where national priorities overlapped, and where regional cooperation could be pursued. With the benefit of hindsight, it is safe to say that the project's most significant value was in the three regional two-day workshops. Of course, these workshops would not have been possible without the benefit of the contacts and understanding developed through the previous 8 months of ground research.

The results from the three regional workshops – which fed into the development of three regional summary papers – were to be discussed at a final Advisory Committee meeting to review the research and to identify priority areas where regional cooperation on technical assistance could be initiated. However, circumstances in both South Asia and Southern & Eastern Africa resulted in the need to postpone the regional workshops. As a result, the final Advisory Committee meeting could not be held within the already extended timeline of the project. Despite this, three of the regional partners have taken the initiative to develop concept papers outlining proposals for specific follow-up projects.

In addition to the regional activities, IISD undertook a number of activities at the international level. These included attendance at a number of meetings of international experts, including:

- ❑ **Global Forum on Trade, Environment & Development** – “Achieving A More Balanced Market: The Role of International Standards”; 24-27 June 2002, Quito, Ecuador. Presented a paper on the importance of developing an international framework to facilitate the negotiation of technical equivalence agreements.
- ❑ **ISO General Assembly & Workshop on Technical Assistance: Review of the ISO Survey on Developing Country Technical Assistance Needs**; 24 September 2002, Stockholm, Sweden.
- ❑ **OECD Global Forum on Trade** – “Workshop on Environmental Requirements and Market Access: Addressing Developing-Country Concerns”; 27-28 November 2002, New Delhi, India. Presented a paper on the failure of Article 11 of the Agreement on Technical Barriers to Trade.
- ❑ **WTO TBT Committee Workshop on Trade-Related Technical Assistance**; 18 March 2003, Geneva, Switzerland.
- ❑ **Developing Countries Contact Group of ISO Technical Committee 207**; 2002 Annual Meeting; 10-16 June 2002, Johannesburg, South Africa; and 2003 Annual Meeting; 29 June – 6 July 2003, Bali, Indonesia.

⁶ See Annex D: Mid-term Report

OUTPUTS

The project produced the following outputs:

1. Project website (http://www.iisd.org/standards/trade_standards.asp);
2. Three regional summary reports;
3. Three additional papers (Overview of the Project; International Framework for Accreditation; The Quality Institutions) - (see Annex D, also available at: http://www.iisd.org/standards/project_outputs.asp);
4. Final Report

OBSTACLES TO PROJECT IMPLEMENTATION

The implementation of the project was extremely challenging, and faced four main types of obstacles:

1. Scope and complexity of the issues: Addressing TBT- and SPS-related implementation concerns is perhaps the most challenging area of trade and sustainable development policy. There is a dizzying chain of institutions, actors, mechanisms and capacities that must be identified, understood and integrated into any initiative to assess TBT- or SPS-related technical assistance priorities. In addition, market access depends not on compliance with a number of standards and technical regulations, not on a single one. So solving a set of problems created by one standard may have no net impact on export volumes. Problems cannot be solved unless all these various actors are committed and involved in decision-making – but there is a lack of coordination mechanisms in place to help promote central planning.

2. Lack of detailed information: None of the countries in which the project was implemented had comprehensive information on the export markets, sectors, standards, technical regulations or capacity deficiencies that were creating problems for exporters. Although some aggregated information does exist – for instance the WTO and ISO surveys – this information is far too generalized to be of any use. It is not sufficient to know that developing countries need assistance to participate effectively in international standardization – without knowing which sectors are most affected by international standards, which standards are in the process of development or revision, which industry associations have already been involved, ..., it is impossible to move towards a plan of action, or to consider whether regional cooperation is possible or even desirable. Without detailed information it is also very difficult to determine if an issue deserves prioritization. Without prioritization, it is very difficult to stimulate the kind of coordinated response across many actors that is needed to solve TBT- or SPS-related problems.

3. Building relationships: If there is a fundamental prerequisite to removing technical barriers to trade it is: collaboration. Effective collaboration can only be developed on the foundation of relationships between the different players. One of the key challenges to removing the barriers created by sustainable development standards is that it requires collaboration between actors at the national and regional level that do not have a history of interaction. In some cases, there is also a fundamental lack of trust between, for instance, national standards bodies and the environmental community. Cooperation can only progress as fast as understanding and trust also develops between the various actors. This is particularly important when we move to the level of regional cooperation, where one national agency or body may be required to transfer responsibility, or even funds, to a counterpart in another country.

4. Survey-fatigue: The project partners in each of the three regions reported a degree of reluctance by individuals to participate in yet another study to help identify technical barriers

to trade. In some situations, individuals simply refused to get involved. Considering the number of surveys that have been undertaken recently and the lack of any measurable impact on the volume of resources being applied to the issue, this is both understandable and cause for great concern.

Regional Research: summary of key findings

This section provides a summary of the main findings of the three regional research initiatives. The summaries focus on presenting information relevant to the assessment of whether regional cooperation can help to increase the effectiveness of trade-related technical assistance in the area of TBT and SPS Agreement implementation. The full regional reports included in the Annexes contain additional and more detailed information. These regional reports are an integral part of the overall final report.

It should be noted that each regional partner had the freedom to interpret and implement the project according to the specific context and priorities in its region. As a result, there is some variability between the scopes of the three final reports.

SUMMARY: SOUTHERN & EASTERN AFRICA

The research in this region focused on five countries: Kenya, Namibia, South Africa, Uganda and Zimbabwe. The background research focused on the following sectors: fisheries; horticulture and floral culture; and beef and beef related products. The workshop, on which many of the conclusions and recommendations are based, took a broader perspective and focused on TBT and SPS implementation in general.

Countries in Southern & Eastern Africa are hindered from fuller participation in the global economy by a "standards divide"—a combination of inadequate capacity to meet international standards, as well as limited opportunities to help shape these standards to ensure that they are applicable to the domestic context. Of the countries in the survey, only South Africa has the basic institutional capacity needed to implement and benefit from the TBT and SPS Agreements. This has led many countries in sub-Saharan Africa to pay little attention to the requirements of these agreements – meaning that few have bothered to analyse the benefits of implementation.

The overall effect on the region is a dearth of information on the capacity needed to take advantage of these agreements. As countries in the region try to change their patterns of trade away from commodity exports towards valued-added and manufactured exports, the challenges associated with meeting international standards, as well as related conformity assessment procedures, becomes even more pronounced. The need to clearly identify and prioritise capacity-building needs in the region cannot be overemphasized. However, the costs of modernization and infrastructure investments exceed the development budget in many of these countries.

The research and regional workshop underlined the potential for regional cooperation to offset the inadequacies of human resource, organizational and institutional capacity at the national level. In particular:

Human Resource Capacity Building:

- ❑ Countries in the region lack the capacity to participate effectively in the development of international standards and to comment on technical regulations being developed in export markets. In areas of common interest, it may be possible to develop a regional capacity to engage more effectively in such negotiations, and to raise the capacity of individual countries to do so themselves.
- ❑ It may be possible to avoid duplication of investments on different national standards within the region by strengthening the capacity to develop regional standards. Pooling resources would help to improve and share the scientific capacity to assess the relevance and appropriateness of technical regulations and standards, to conduct risk analysis, and to ensure that regional standards and technical regulations are accepted in the marketplace and by WTO members; and
- ❑ Building technical competency in corporate/management planning.

The establishment of a regional centre for capacity building (RCCB), which could also develop and promote mentoring and training programmes, could be a useful strategy in promoting these regional human resource development targets.

Institutional Capacity Building:

- ❑ There is a need to streamline the roles, responsibilities and competences of relevant enquiry points, standardization, certification and enforcement agencies at national and regional levels;
- ❑ There is a need to facilitate harmonization of standards and technical regulations through existing initiatives such as the regional trading blocks (e.g. COMESA, EAC and SADC). There is need to review national policies and laws, updating them and designing policies that create incentives and influence the private sector investment in compliance;
- ❑ There is a need to extend the emerging regional accreditation system, and regional metrology and laboratory facilities, to extend their scope and to ensure that they are internationally recognized. This requires premises, provision of equipment, training and capacity building;
- ❑ There is a need to promote mutual recognition of conformity assessment procedures;
- ❑ It may be possible to establish common facilities including setting up regional test reference centres for e.g. parasites, pesticide residues, heavy metals, etc analysis; (strengthening existing facilities); developing and validating test methods, and acquisition of reference materials.
- ❑ Regional cooperation could help to promote exchange of information between and among enquiry points in and outside the region by establishing information management and reporting tools that can be shared among industry, producers and private sector in general, their membership and clients, and international counterparts.

These objectives could be pursued through existing regional cooperation bodies in the Southern African Development Community (SADC), the East African Community (EAC), the Inter-governmental Authority for Development (IGAD); the Common Market for Eastern and Southern Africa (COMESA). For instance, it may be possible to strengthen the SADC-based Standards Quality Assurance and Metrology (SQAM) initiative, or the EAC-based Standards Quality Metrology and Testing (SQMT) initiative. There is also a need to enhance Internet connectivity to improve information sharing across the region.

Organizational Capacity Building

- ❑ There could be a benefit to establishing geographical indication for fish, horticulture and beef products from East and Southern African regions;
- ❑ Promoting sustainability of resources/products for export markets
- ❑ Promoting value addition and product development in the region

The strategies identified include:

- Establishing uniqueness of products by branding and labeling;
- Seeking recognition through TRIPS with assistance from WIPO;
- Harmonizing TR's and standards on harvesting, pollution traceability at regional level using existing regional institutions; and
- Strengthening quality systems in laboratories.
- Strengthening existing regional institutional framework by harmonizing harvesting methods, data collection, pollution control, etc

Organizations and Networks:

The existing and potential networks, frameworks and organizations through which the priority areas identified above could be achieved include:

- National Standards Bodies (NSBs) in the region;
- Regional organizations, integration or groupings such as SADC, EAC, and COMESA;
- Universities and Research Centres;
- UNIDO and other related UN agencies; and
- Private sector/industry/chambers of commerce.

Since many of the countries' trade in the same commodities, there are opportunities for the formation of common networks and information sharing, building scientific skills to assess relevance and appropriateness of technical regulations and standards, conducting risk analysis and other scientific and policy related research issues on standards and market access.

Indeed, there is already a trend towards providing some of the human and technical capacity needs at the regional level, as exemplified by the functional integration or trading blocks such as COMESA, EAC and SADC. SADC and EAC have already established cooperative mechanisms – such as SQAM and SQMT – which can be building blocks for enhancing human, institutional and organizational capacity for quality institutions at the national and regional level.

While regional cooperation and shared infrastructure is generally considered an important strategy to accelerate progress in TBT and SPS implementation, it is important to recognize that the need to development national capacities should not be ignored.

Partnerships between and among diverse stakeholders in production, processing and manufacturing are essential if the challenges of standards and market access to foreign markets are to be addressed. The capacity of these enterprises to respond successfully to this opportunity is limited without partnership with the NSBs.

Because improved compliance with trade standards will require public as well as private investment, continued African efforts to improve the investment climate are critical.

SUMMARY: SOUTH AMERICA

The research in South America focused on three countries: Uruguay, Chile and Brazil. These countries were chosen to provide a cross-section of countries with a low, medium and more highly developed national TBT-related institutions and organizations. Each national researcher focused on two sectors: in Chile and Paraguay the focus was on agriculture and forestry; in Brazil it was on agriculture and petrochemicals.

The South American region is characterized by a relatively high level of regional cooperation and integration, spurred on by political and economic groupings such as Mercosur and the Andean Pact. As a result, there has been a relatively high degree of regional cooperation already in areas such as accreditation (InterAmerican Accreditation Cooperation – IAAC), metrology (Sistema Interamericano de Metrologia – SIM) and standardization (Comision PanAmericana de Normas Tecnicas – COPANT).

Most of the challenges that countries in the region face are related to institutional weaknesses. Apart from Brazil, countries in the region show serious weaknesses in terms of (i) national leadership of standardization organizations and (ii) coordination between institutions – particularly public agencies – related to standardization and technical regulations. A poor knowledge of what the institutions and their roles are was demonstrated by some of the main public and private sector actors related to standards and technical regulations throughout this project in the interviews and research carried out. An additional concern that arises specifically in the context of sustainable development standards is that there has been very little integration of NGO standards and certification systems into the national standardization bodies. NSBs are reluctant to acknowledge the market relevance of standards developed outside of the traditional standard-setting institutions – and therefore unlikely to assist in resolving problems arising due to these standards.

The recommendations identified in the project draws from the country level research, the regional meeting and two other relevant meetings: an ISO/WTO workshop held in April 2002 in Bogotá, Colombia⁷; and a meeting of the Global Forum on Trade, Environment and Development, held in July 2002 in Quito, Ecuador.

The number of recommendations that can be identified is considerable and have therefore been presented in three groups: Priority recommendations; Other recommendations; and Areas for future research. All the recommendations presented below are relevant both for market access and sustainability purposes.

Priority Recommendations⁸:

- Create a regional network of national notification and enquiry points to establish an early warning system. The development of such a system could build on INMETRO's early-warning system.
- Elaborate a manual on standardization, including mainstream aspects/concepts related to accreditation and metrology, but also covering recent private and/or NGO initiatives on sustainability-related certification programs, as well as relevant national and international eco-labeling programs. The manual should be targeted to a general

⁷ ISO/WTO workshop “Enhancing the Participation of Developing Countries and Economies in Transition in International Standardization; Caribbean, Central and South America”, in Bogotá, Colombia, 16-17 April 2002.

⁸ The full regional report includes more detailed information including an assessment of existing expertise that could be applied to the recommendation, possible leadership, assistance required, and challenges.

public from private, public and civil society sectors. It could also be accompanied by a media campaign (including TV and the press).

- Elaborate a booklet with the main results of this project. Target public would be private, public and civil society sectors most involved with trade, sustainability and standardization issues
- Elaborate a compilation of case studies on small and medium size enterprises (SMEs), standardization and sustainable development. It should demonstrate economic, social, environmental and institutional advantages of certification (including the costs of not having environmental management in place). It could be published as a booklet, and also in electronic format on relevant institutions' and associations' websites.

Training and Education

- “Quality culture” (standardization, conformity assessment, accreditation, metrology, etc.) and sustainable development subjects should be integrated in a broad range of university degrees. This could start up as a pilot project in a selected university and country in South America (drawing from the international experience to the extent possible). The idea would not be to create a new course but to integrate these subjects in ongoing, related courses, by means of giving training opportunities to university teachers.
- Develop university courses and/or degrees for metrology professionals, particularly for sustainability-related issues (e.g. health, safety, and environment). This could start up as a pilot project in a selected university and country in South America (drawing from the international experience to the extent possible).

Other relevant recommendations

- Review and enhance the electronic infrastructure and capabilities of standardization organizations (internet access, broadband connectivity, website capabilities, etc.).
- Establish national multi-stakeholder dialogues to elaborate a strategy for standardization, focusing on priority export products. The national dialogue should also identify priorities for participation at the international level (e.g. in ISO, IEC, ITU, WTO-TBT, etc.). It could be approached as a pilot project in one selected country. The product could include issues such as requirements for standardization, technical regulations, conformity assessment and metrology.
- Support the creation of a regional information centre on trade, standards and sustainable development (e.g. a regional implementation of the Sustainable Trade and Innovation Centre (STIC) initiative). This centre would coordinate and centralize information such as: market access requirements to preferential products, regional certification statistics, conformity assessment requirements, etc.
- Foster certification initiatives within SMEs, learning from positive experiences in the region, including in particular:
 - a. Systematization and dissemination of international funding opportunities directed to SMEs
 - b. Elaboration of an ISO 14001 implementation protocol for SMEsSuch an initiative could be coordinated by COPANT and jointly carried out by national SME associations, sectoral certification bodies, public agencies for the development of SMEs, etc.
- Training programs should be developed for standardization organizations on public participation, conflict management and negotiation skills.
- Enhance the national capabilities to perform Risk Analysis.

Research priorities:

Research should also be undertaken on the following issues:

- Regionally appropriate metrics for sustainable development standards (particularly social issues).
- Environmental goods and services and standardization
- Trade, standardization and alleviation of poverty
- Genetically modified organisms: regional priorities for standardization and labeling
- Supply-chain guidelines

SUMMARY: SOUTH ASIA

Developing country exporters are awakening to the reality that prices are not the only criteria for saleability. As import tariffs decline and quota entitlements under the MFA phase out, production and trade regimes in South Asia will need to become leaner and cleaner, reflecting emerging consumer preferences and inter-governmental requirements. These are articulated in the form of a growing array of quality, social and environmental standards.

At the end of the day it is expedient for exporters to comply with the increasingly complex demands of international clients -- both in the public and private sectors. However, "willingness" to comply does not translate easily into "ability" to comply. This is based upon a complex mix of institutions, policies, financial means and technical capacity. Further, such capacity needs to be able to address the different dimensions associated with compliance namely, the implementation of standards, information access and dissemination, certification and accreditation.

There are a range of regional approaches to capacity building that could enhance implementation of the TBT and SPS Agreements and compliance with technical regulations and voluntary standards, in order to increase access for South Asian exports. Clearly there is an established need for this as regional and global economies become more closely integrated. While there is undeniable merit in being forward looking towards regional cooperation, grounding this in the national context will make the regional constructions more realistic.

A Framework for Regional Cooperation

With the exception of the South Asian Association for Regional Cooperation (SAARC), there are no other extant formal bodies with a mandate to coordinate trade, investment -- or any of the activities covered by the WTO -- across the region. Stronger regional links are prevented by political tensions, which have created an atmosphere of mistrust between the member countries. Specifically, with regard to voluntary standards and technical regulations, the two constraining factors are a) the small scale of intra regional trade which limits the scope and need for harmonizing standards regionally and; b) more generically, a lack of awareness of social, environmental and quality issues in the SAARC countries.

While exports are coming increasingly under a standards regime, a more embracing national culture has still to evolve. A contributing factor is the endemic poverty in the region. Consequently, it is not surprising that the region has limited competencies (financial, technical) when it comes to formulating, identifying, implementing and demonstrating compliance with standards, and international standards in particular.

However, this should not cloud the existing potential for regional cooperation, demonstrated by the similarity of sectors and economic characteristics across the region. For instance,

textiles, leather, tea and fish are some of the common and important export items for India, Pakistan, Bangladesh and Sri Lanka. Also, the SAARC countries are roughly similar in terms of their macro indicators: GDP growth rates, per capita incomes, levels of poverty and export composition. While some countries like India and Pakistan have a relatively stronger standards infrastructure this can work to the advantage of the relatively less well equipped countries, especially when they have common interests and problems. Ultimately, both constraints and commonalities should be taken into account when suggesting frameworks for regional cooperation.

Under the existing dispensation, regional cooperation should to be based on the two following premises:

1. The proposed regional structure should not displace national entities. This does not mean that a country like Nepal which does not have an Accreditation Board needs to set up one, especially when its relevant standards/testing requirements are already covered by other countries in the region. By the same token, it would be difficult to dismantle a national body that already exists, such as the Pakistan National Accreditation Council. Ultimately, comparative advantage, sector capabilities, existing national bodies, risk of duplication, diversity and breadth of activities are some of the criteria which should dictate whether a certain standardization activity should be nationally or regionally based. In the absence of a formal assessment, an impression is that accreditation and notification/enquiry points lend themselves more easily to regional cooperation than conformity assessment and standards setting. Thus, for instance the South American region has a relatively well developed regional accreditation body. Also, SADC has a regional accreditation body that is becoming more useful with technical assistance investments.
2. The regional harmonization of standards should be undertaken in the context of international requirements, reflecting the present importance of extra-regional as opposed to intra-regional trade. However, there is a nuance to this. If the region finds that existing international standards are inappropriate to their common context, then the countries in the region could pool resources to develop a more appropriate regional-designed standard. They could also then exert combined political pressure to get the regionally appropriate standard recognized in export markets. In this case, harmonization is not a question of bringing different regional standards into a single standard, but rather of creating a regional standard in order to make it more appropriate. This is in keeping with the notion of subsidiarity. However, it does presume that the region has the capacity to formulate and negotiate regional standards.

A suggested framework for cooperation is a regional infrastructure linked to key national stakeholders. With regard to standards its main focus would be to leverage, facilitate and coordinate activities with a view to harmonizing these standards regionally and in compliance with international standards. Two distinct but related mandates are envisaged. The first and relatively less important one is to promote the harmonization of standards for goods traded exclusively within the region. More important, and reflecting the extra-regional thrust of trade, it should promote the harmonization of standards for goods and services traded globally and against the yardstick of international standards. Similarly, regional approaches to accreditation, conformity assessment and notification/enquiry points offer prospects of convenience, efficacy and credibility. The proposed functions of the regional infrastructure should include but not be limited to:

- Compiling and forecasting economic data (macro and sector)
- Compiling trade data and forecasting trade trends (intra and extra-regional)
- Forecasting trade trends
- Identifying sector priorities

- Facilitating regional standardization work through stakeholder networking (technical and consultative meetings, workshops, seminars)
- Regional enquiry point to reinforce and support the work of national enquiry points (dedicated website, online information sharing)
- Providing accreditation services and facilitating links with regional and international standards certification and accreditation bodies
- Representing the region in international standardization bodies
- Developing and promoting regional policies and programs
- Publicizing/advocating consumer concerns
- Promoting research, advocacy and training

This body should be linked to national stakeholders in a synergistic relationship. The SAARC Chamber of Commerce and Industry (SCCI) seem well suited for this role. It is the only formally constituted body with regional and international recognition. It has the infrastructure in place to coordinate, facilitate and disseminate information and policy advice. It has the potential to represent regional concerns at international fora such as WTO ministerial meetings. More importantly, it has the political will to become involved formally in a regional standards initiative. However, the SAARC Chamber has not had much success with one of its key objectives, namely promoting intra-regional trade. To be fair, political obstacles have been intractable at times. The expectation is that the region will be more willing to come together when faced with common external threats and challenges.

Building Confidence and Trust in Relationships: A Menu of Small but Achievable Steps

The long-term objective is to establish an institutional mechanism to oversee harmonization of standards across the region. There are indications that SCCI could act as an incubator organization for regional standards activities due to its intra- and extra-regional recognition and infrastructure availability. Short-term achievable objectives were defined as sequential steps leading to the establishment of an institutional mechanism. Before any long-term initiatives are established, it is vital to establish trust and reciprocity amongst the regional actors. The two key short-term activities identified are:

Consolidation of information on social, environmental and quality standards: There are many repositories of information but they are disparate and disorganized, hence, the need for information to be coordinated, housed and disseminated. Intended consumers of this information include exporters, importers, consumers, SMEs, government bodies and civil society. Basic information that needs to be addressed includes:

- What standards are and how they relate to the WTO.
- Simplified explanation of the TBT/SPS Agreements (distinctions between the agreements, common misunderstandings, and provisions for technical assistance).
- Important timelines.
- The impact of standards on trade – case studies of positive and negative experiences of compliance (increased export revenues versus detained consignments).
- Inventory of the relevant regional and international stakeholders with description of functions, contact details and web addresses (enquiry points, standards setting bodies, accreditation bodies, laboratories, metrology and testing laboratories).
- Signposts for further information such as research reports (FAO, UNIDO, IISD, etc) on SPS/TBT issues and implications.

Matrix of regional priority export sectors/goods and corresponding national and international standards: A need was expressed at the workshop for product and sectoral research into the volume and nature of intra-regionally traded goods along with corresponding

national and international standards. This would enable identification of important commodities where no or inadequate standards exist, the possibilities for mutual recognition agreements and the requirement for new international standards (for example, there is no CODEX standard for ghee).

Impact Assessment of Standards: Such research could include any difficulties associated with particular trades – why was a particular consignment detained and by which country? What remedial steps need to be undertaken? How are SMEs being/likely to be affected by standards?

Summary of International findings

An important part of IISD's role as international coordinator of the Standards for Sustainable Trade project was to undertake a "watching brief" over international policy developments that might have implications for the regional recommendations. This manifested itself primarily in attendance at a number of key international meetings, including two where IISD contributed presentations⁹.

The research being undertaken by our regional partners gave us a unique perspective on the issues being discussed, and an idea of some of the other issues that were not being discussed enough. This section summarizes the main findings of our international activities over the course of this project. Although there are some overlaps between TBT and SPS issues in international policy discussions, we focused principally on issues specifically related to the TBT Agreement.

The general conclusion that we have drawn is that, while immaculately drafted from a theoretical perspective, the TBT Agreement is a wishful document based on a misperception of reality that ignores the enormous gulf between the institutional, organizational and human resource capacities of developed and developing countries. This ignorance is manifest in the way the TBT Agreement's provisions have been designed and are being implemented. Importantly, the Agreement cannot help address what might be the fastest growing type of barrier to market access: supply-chain requirements based on standards and conformity assessment procedures developed by non-governmental bodies.

There are three main design and implementation problems with the TBT Agreement. The first is related to developing countries' lack of capacity to develop standards and technical regulations that are relevant to them. The second is related to the fact that the Agreement's provisions on Technical Assistance cannot be implemented. The third relates to overly simplistic approach to resolving implementation issues and potential disputes.

⁹ See page 5 of this report for a list of the international meetings. IISD presentations were made at: (a) Global Forum on Trade, Environment and Development (GFTED), 25-27 June 2002, Quito, Ecuador. <http://68.162.226.4/content/quito/materials/index.html> and (b) the OECD-RIS organized "International Workshop on Environmental Requirements and Market Access: Addressing Developing Country Concerns", 27-28 November 2002, New Delhi, India: http://www.ris.org.in/organization_of_economic_coop_conference.html

THE STANDARDS-TAKER TRAP

The findings in the regional research support the view that most developing countries are standards “takers” and not standards “makers”. There are three provisions in the TBT Agreement designed to address this concern – none of which seem to be working. The first, which has received undue attention, is the role of international standards.

Article 2.4 of the TBT Agreement requires Members to base technical regulations on international standards. Article 2.5 states that technical regulations based on international standards are rebuttably presumed not to create unnecessary barriers to trade. Article 2.6 calls on Members to participate in the development of international standards. Annex 3 of the TBT Agreement – the Standards Code – contains similar provisions with regard to the development of national standards. In effect, these provisions state that, unless they can demonstrate sufficiently why they are inappropriate, international standards must be used as the basis for national regulations and standards¹⁰.

At the moment, few developing countries have the human resources or the financial capacity to track the work of the main international standards bodies, never mind the capacity to participate in their development. To complicate matters further, the CTBT has made it far more difficult to track international standards by stating that international standards are defined by the characteristics of their development process, and not by the characteristics of the bodies developing them. The result is to multiply infinitely the potential sources for international standards¹¹. Not only do developing countries not have the capacity to identify, influence and implement international standards that are proposed by other countries, they also do not have the capacity to propose and develop international standards of concern to them: so, as pointed out in the Pakistani research, although it would help promote trade, there is no international standard for *banaspathee ghee*.

What is the result of this? Although international standards are the baseline against which national standards and technical regulations are judged, developing countries have a marginal influence in their development. Yes: a single standard or technical regulation is still preferable to many conflicting ones; but No: the TBT Agreement is not realistic in its treatment of international standards. Without equal capacity, there cannot be equal benefit. Equal capacity to influence international standards is a long way off; and, as will be discussed later, efforts to level the field are misguided.

¹⁰ This is a conclusion that has been given additional importance by the report of the Appellate Body in the *Chile-EU Sardines* case, which ruled that the EC did not follow existing international standards when developing regulations on the marketing of sardines.

¹¹ There has long been a debate in the Committee on TBT regarding what constitutes an international standard. The debate centred on whether to define what constitutes an international standards body, or to define what constitutes an international standard. The debate was resolved with the publication of Annex 4 of the Second Triennial Review of the TBT, which sets a list of guidelines for determining if a standard should be considered “international”. Because this assessment can only be made after the standard has been developed, it is now much more difficult for countries to identify which standards-development processes are important, and which are not.

International standards do not serve developing countries as much as they do developed countries. That would be fine if developing countries had the capacity to implement any of the TBT Agreement's provisions designed to address this. But, again, evidence suggests that they do not. There are two relevant provisions in the TBT Agreement that could help developing countries:

Inappropriate International Standards

Article 2.5 gives Members a loophole to avoid international standards. If a Member can demonstrate that an international standard would be ineffective or inappropriate, it does not need to base national technical regulations or standards on international standards. Since they have the least influence on the development of international standards in the first place, this provision is more relevant to developing countries than developed countries. Evidence suggests, however, that developing countries lack the institutional, technical and human resource capacity to demonstrate through scientific assessments that an international standard is inappropriate. So this loophole is relatively unhelpful in the absence of complementary investments in developing country scientific and legal capacities.

Equivalent National Standards

Article 2.7 encourages Members to accept as equivalent the technical regulations of other Members as long as they fulfill the same objectives. Again, the problem of scientific capacity is an issue: the onus for demonstrating technical equivalence is on the exporting nation. If this is a developing country, the chances are they do not have the capacity to undertake the necessary tests, and to convince other Members to accept the evidence. Complicating this is the fact that there are no mechanisms – other than through a formal dispute – to encourage Members to accept evidence presented as proof of the effectiveness of other Members' regulations. For countries that perceive non-tariff barriers to trade as the next battlefield for protectionism, Article 2.7 must seem one of the emptiest of all the TBT Agreement's provisions.

One of the goals of the TBT Agreement – to harmonize standards and technical regulations through the use of international standards – will fail to benefit developing countries until they have the capacity to:

- ❑ Identify standards development processes that may result in international standards of concern to them;
- ❑ Effectively influence the development of international standards;
- ❑ Propose and develop international standards in areas that respond to their priorities;
- ❑ Demonstrate convincingly the ineffectiveness or inappropriateness of international standards when applied to their context; and
- ❑ Demonstrate convincingly the effectiveness of their different national standards and regulations.

ARTICLE 11: TECHNICAL ASSISTANCE¹²

It has been suggested that the capacity-related problems created by the TBT Agreement are also solved by it through its Article 11, which outlines Members' obligations to provide technical assistance to other Members. Although technical assistance must certainly be part of the solution to these problems, Article 11 will not help except as a general instrument of political support for the integration of trade-related technical assistance issues into foreign development assistance policies.

Most of the technical assistance funds provided by developed countries are distributed under official development assistance programmes. In most developed countries, total annual development assistance is capped at a specific level, and is distributed according to strict policies that dictate priorities based on geographic distribution, sectoral focus, and other thematic issues (e.g. pollution prevention, primary education, health care, gender issues).

If a developed country is formally presented with a request for technical assistance under Article 11, it would be obliged to provide some degree of assistance. But because of the expenditure limits on development assistance spending, there is a danger that unexpected Article 11 requests may simply lead to a shift in donor funding away from other priorities identified through comprehensive long-term national development strategies. If Article 11 requests do not actually increase the net levels of technical assistance going to a country, they may in fact distract from other national development priorities and hamper sustainable development.

This is an important point, in particular because of the fact that developing countries are increasingly being asked to position requests for development assistance within comprehensive national development plans that span several years¹³. Indeed, the rights to technical assistance laid out in Article 11 could come head-to-head with this trend towards long-term, comprehensive priority setting across a variety of sectors.

If TBT-related technical assistance needs are not assessed and prioritized within the same framework as other concerns – e.g. education, health, economic development, environmental conservation – they may either be discredited as a lesser priority by development assistance agencies, or end up displacing development assistance that was intended for other uses. Development assistance agencies are unlikely to look favorably on being forced by Article 11 obligations to find funds to support technical assistance that was not part of their 2-3 year funding priorities. This suggests a need to ensure that TBT technical assistance needs assessments are coordinated with overall national development strategies, and the need for the two groups to communicate regularly.

There are several things that both developed and developing countries can do to help resolve these issues. These include, among other things:

- ❖ Developing countries should integrate TBT-related technical assistance needs assessments into their long-term national economic development planning programs. This will necessarily require the development of relationships between actors that do not have an established history of interaction.

12 For a more detailed discussion of this issue, please see: Rotherham, Tom; "Political Rights – Legal Obligations: The Implementation of Article 11 of the TBT Agreement", paper prepared for the OECD-RIS Conference "International Workshop on Environmental Requirements and Market Access: Addressing Developing Country Concerns", 27-28 November 2002, New Delhi, India:

¹³ The Poverty Reduction Strategy, as advocated by the World Bank, is a good example of this trend.

- ❖ Developing country trade ministries should communicate their rights under Article 11 to their domestic industry associations and planning agencies.
- ❖ Industry associations in developing countries should work with their members to identify and document market access problems that arise due to standards and technical regulations in export markets, and should identify the technical assistance needed to overcome these. Where industry associations do not exist in important export sectors, governments should consider helping to establish these.
- ❖ Trade ministries in developed countries should communicate their obligations under Article 11 to their development assistance agencies, and should highlight TBT-related issues that could be prioritized with development assistance programs. This information should also be communicated to country- and regional-offices.
- ❖ The CTBT should produce an informative guideline that clarifies the scope and application of Article 11. Such a guideline document could include detailed examples of the types of technical assistance that could fall under each of the relevant provisions, using as examples previous or existing technical assistance programs.

- ❖ Bi-lateral development agencies, including regional development banks, could also assist developing countries to assess TBT-related technical assistance needs within the context of their Article 11 rights. In particular, they could produce guides to facilitate the development of specific priorities and proposals for Article 11-related technical assistance requests.
- ❖ When making formal requests for TBT-related technical assistance, developing countries should be cognizant of the fact that:
 - Rights under Article 11 are only triggered by a formal request;
 - Requests should be targeted, in the first instance, at the country implementing the measure that gives rise to the need for technical assistance;
 - In cases where there are a wide variety of TBT-related technical assistance needs, developing countries should prioritize these needs;
 - TBT-related technical assistance should be prioritized in relation to other development assistance needs, and within the context of comprehensive, long-term national development strategies;
 - Trade ministries and development agencies in developed countries should maintain registers of all TBT-related technical assistance projects.

SIMPLISTIC SOLUTIONS WILL NOT RESOLVE COMPLEX PROBLEMS

The resolution of the problems with the TBT Agreements design and implementation is hampered by an over-reliance on traditional response mechanisms, and a simplistic view of the issues. It is quite likely that some of the solutions to developing countries problems with the TBT Agreement will only be found outside of the WTO.

An obvious example of the overly simplistic is the case of developing country participation in the International Organization for Standardization (ISO). Too much focus and money is being given to attaining the impossible: equal participation of developing country experts in the work of technical committees. Even with increased use of modern communications and information technology (CIT), this is the most cost-intensive approach to the problem. The real goal must be to increase the *influence* of developing countries in ISO, not their *participation*. Rather than seeking to increase the number of developing countries who are participating in the technical committees, attention should be given to increasing developing country influence in ISO's governing bodies.

For instance, the ISO Technical Management Board (TMB) is one of the most influential of ISO's constituent bodies. Despite the fact that roughly 80% of ISO members are from developing countries, only 2 of the TMB's 12 members are from developing countries. This would be a sensible place to start increasing developing country influence in ISO. But it is important to note that this will not be achieved through discussions in the CTBT or through the WTO's dispute settlement processes. Governments need to turn their attention outside of the WTO to find many of the solutions to TBT implementation problems.

The WTO dispute settlement process is another example of where a more nuanced consideration might point to the possibility of creating solutions outside of the WTO. The TBT Agreement is a legal text which outlines rights and obligations for Members. If a Member feels that its rights are being infringed upon, it has access to only one mechanism to seek redress: it can register a formal dispute. Although there are mediation mechanisms within the dispute settlement process, these mechanisms are only initiated in the context of a formal dispute resolution process. It is widely acknowledged that the financial resources and technical capacities needed to launch and pursue a dispute in the WTO, as well as the potential negative political implications, are important barriers to developing countries access to the WTO's dispute settlement process. In effect, developing countries have only one weapon: the "nuclear" option.

The nature of the disputes that are likely to arise in the context of the TBT Agreement are not necessarily well-suited to a formal dispute settlement processes. What is needed in many cases is not a legal resolution, but a collaborative solution. While a WTO member might conceivably have the right to bring a dispute against another member because of a failure to provide adequate advanced warning of a new technical regulation or standard, or a failure to incorporate comments made during the public review process, it is not really the kind of issue that a government will expend financial and political capital on. In the same way, the refusal of a national standards body to recognize as equivalent the standard of another WTO member standards body is not likely to ever lead to a formal dispute.

These issues suggest that there may be a value to establishing a mediation mechanism for addressing some types of TBT-related disputes outside of the formal WTO dispute settlement process. Such a mechanism could provide a forum for raising issues, seeking impartial scientific or legal opinions, negotiating technical equivalence and mutual recognition agreements, and discussing mutually agreed terms for technical assistance. Such a mechanism would not necessarily have to be established within the context of the WTO, but could equally be established within other international bodies, such as UNCTAD, UNIDO, the OECD or the ICC.

Conclusions and Recommendations

This analysis has built on the research and analysis contained in the regional research papers included in the Annexes to this report. Each of these reports contains more detailed information and recommendations than is communicated here. The intention of this report is to set the context for these regional papers, and also to draw out common information and lessons learned. The vast majority of the most useful information is contained in the regional reports.

One of the fundamental learnings from this project has been that, although there is a universal consensus on the general types of policy and technical assistance responses needed to promote implementation of the TBT and SPS Agreements, there is not enough specific information available to develop meaningful solutions. Indeed, a review of the minutes of the CTBT meetings reveals a long-standing consensus on the range of issues that need attention. What seems to be lacking is the development of specific policies to achieve the general goals. General statements such as “assistance is needed to help developing countries participate more effectively in international standard setting” are unhelpful in the absence of more detailed information.

There is, of course, a good reason for the lack of more specific information: these issues are incredibly complex and difficult to monitor. No one organization can possibly resolve these issues on its own, and too few countries have adopted legislation to create national strategies on quality, including a central authority for coordinating notification and inquiry points, standard bodies, conformity assessment bodies, accreditation agencies, metrology and testing laboratories, and other actors. At a very basic level, information cannot be easily obtained because exporters are reluctant to admit to difficulties implementing technical regulations or standards for fear of the consequences of admitting to non-compliance.

Many of the project partners encountered a degree of discouragement in the organizations contacted. There was a perception that similar studies have been undertaken in the region in the recent past and that all that is required is to implement the recommendations from those studies. Examples of such studies include the World Bank’s study on “Standards and Global Trade: A Voice for Africa” undertaken in five selected countries including Kenya, Mozambique, Nigeria, South Africa and Uganda; “Strengthening Developing Countries’ Capacities to Respond to Health, Sanitary and Environmental Requirements” conducted in Kenya, Mozambique, Uganda and the United Republic of Tanzania; and the WTO survey on TBT-related technical assistance needs to “Assist Developing Country Members Identify and Prioritize their Specific Needs in the TBT Field” in which all the selected countries in this study participated.

The failure to achieve meaningful progress in providing technical assistance on TBT-related issues seems to be, in part, due to twin tendencies to remain at an overly general level and also to set targets too high. Collaboration can only be built on a foundation of relationships between the relevant organizations. In many instances, the reason that the problems exist in the first place is a lack of effective relationships, either for political or competitive reasons within and between countries, or simply due

to something as basic as the lack of an effective industry association to coordinate interactions with effected companies. While this project has identified a number of broad-based areas for potential regional cooperation, it advocates a modest, step-wise approach that sets realistic short-term goals and over time builds on a momentum of success.

It is our feeling that the first steps in this process must be taken by developing countries themselves. In particular, developing countries must take urgent steps to integrate trade-related technical assistance needs-assessments into annual national economic development plans and the poverty reduction strategy paper (PRSP) process. There is no way to avoid the need for a degree of central planning and oversight to bring some consistency to the way that TBT issues are addressed in developing countries. This suggests the need for complementary legislation that gives statutory authority to a specific agency or agencies.

The sustainability of cooperation on TBT issues will also depend on the active and consistent involvement of the private sector. It is ultimately the private sector that will benefit from successful trade-related technical assistance projects. If they are to obtain benefits they must have ownership in the decision-making process, the design of programmes, and the implementation of technical assistance. When addressing private sector priorities and needs, there is of course a need to recognize that there are certain fundamental differences between micro, small and medium enterprises (SMEs) and large corporations and multi-nationals.

In the short-term, there appear to be three main areas for regional cooperation: awareness raising, early-warning systems and accreditation. Awareness-raising is essential to building the political commitment needed to prioritize trade-related capacity issues. Early-warning systems and accreditation are both characterized by a relatively centralized control, and have the broadest geographical scope: once obtained, the information generated by cooperation in both of these areas can be easily shared across distances. The regional reports include more detailed information on the specific activities that are recommended in each region.

An achievable first-step could be to develop a comprehensive and “living” list of national and regional standards and standards bodies; conformity assessment procedures and conformity assessment bodies; metrology and testing laboratories; notification and enquiry points and early warning services. This should include a comparative assessment across export sectors, identifying areas of high intra- and extra-regional trade. This will create the basis for assessing where cooperation is most desirable and feasible. It could also create a framework within which individual agencies and organizations could increase information sharing and, over time, cooperation.

In the medium term, it is important to note that all the necessary international policy exists – but the institutions needed to implement it are missing or deficient. Part of the reason for this is an over-simplification of the issues. A realistic analysis would recognize that developing countries will never play as strong a role in ISBs as OECD countries. A nuanced consideration of the issues surrounding developing country

participation would reveal that strategies to increase their “influence” should instead be targeted at the overall governance of ISBs.

Other medium term actions should continue to shift the focus of attention away from the WTO and towards other bodies and mechanisms. This is particularly true in the area of sustainable development standards, since an increasing number of the standards are being developed by non-governmental bodies, and are being driven through private procurement policies (supply-chains). The WTO has no influence over either of these issues.

With enough international commitment, additional institutional structures could also be developed in the medium term. Perhaps one of the most important such institutions could be a formal TBT and SPS mediation process. Dispute Resolution does not seem to be the most appropriate way to address many market access and technical barrier to trade issues, especially those where technical assistance is needed to resolve the problems. A mediation mechanism that facilitates political agreements, and provides the scientific and legal expertise needed for developing countries to negotiate with developed countries. This would be a lower cost / higher volume approach for dealing with TBT issues.

As highlighted in the South Asian report, the aspirations of regional cooperation must be grounded in reality. It is unrealistic to expect countries to be willing to transfer responsibility and even resources to bodies operating in other countries. Regional cooperation will also only be as strong as the national networks that they are built on. This suggests a need to maintain an important focus on national capacity building activities as well.

List of Supporting Documents:

The following documents were submitted as separate attachments with the final report.

1. Southern & Eastern Africa – Final Report
2. South America – Final Report
3. South Asia – Final Report
4. Mid-term Report