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The role of Standards and Quality Infrastructure in Trade Facilitation: The UNIDO Approach

Session III: Trade Facilitation Implementation Support

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SDG's and Inclusive and Sustainable Industrial Development (ISID)



17 Global Goals for Sustainable Development



World Leaders have committed to 17 Global Goals to achieve 3 extraordinary things in the next 15 years. **End extreme poverty. Fight inequality & injustice. Fix climate change.**

The Global Goals for sustainable development could get these things done. In all countries. For all people.



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Inclusive

No one should be left behind. We should ensure that no person – regardless of ethnicity, gender, geography, disability, race or other status – is denied universal human rights and basic economic opportunities.

Sustainable

Production processes that are less carbon-intensive can save energy, reduce consumption of non-renewable resources, and minimize greenhouse gas emissions, while also stimulating innovation, technological change, diversification and job creation.

Industrial Development

New development approach, which looks at society, economy, industry and the environment as a whole.



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Role of Standards and Quality Infrastructure in Trade Facilitation



Challenges to comply with TFA



Developing countries often lack:

- Harmonized** local certifications/ conformity assessment procedures that is mutually/multilaterally recognized
- Standardized** set of practices and procedures aligned to international market requirements to ensure compliance with international standards.
- Transparent** inspection and certification systems which undermines international recognition (MRA/MLAs managed by BIPM, IAF, ILAC, OIML, ISO)
- Simplified** trade environment to fulfil the TFA requirements that relate to SPS/TBT requirements.

Effects of inefficient testing/inspection systems for Trade Facilitation

Border Rejections

Economic distance to markets is higher due to delays in conformity assessment procedures

Higher testing costs for the private sector

Lack of risk management approach associated to border operations & e-commerce



Loss of economic opportunity

Higher transaction costs

Longer time to access export markets.

Why are testing and inspection important to facilitating trade?

Having a product tested/inspected through an internationally recognized accredited laboratory adds value because it:

- Increases the speed at which goods pass through the border
- Ensures conformity assessment certificates are accepted on both sides of the border
- Reduces rejections of goods at the border
- Minimizes the opportunity cost
- Cuts trading costs for private sector, making them more sustainable.

Moreover, due to the importance of testing and inspection, it is a fundamental requirement foreseen by the TFA (Articles 5.3, 7.9,8 and 12.1).

- Key to Industry 4.0



UNIDO's Trade Facilitation Approach



1

Analyse why goods are rejected at borders and publish the findings in Trade Standards Compliance Reports (TSCRs) which identify and address the bottlenecks in order to further **facilitate trade**

2

Support the development of a sound country **risk management** system through assisting stakeholders to comply with technical regulations in order to enhance the **transparency of trade procedures**

3

Assist **testing, inspection and certification entities** to achieve internationally recognized accreditation thus enabling them to offer their **services** to clients **at competitive prices**. This results in a **cut in the production costs** of local companies and **reduces delays** at the border

4

Boost existing WTO TBT/SPS **Enquiry Points** active throughout developing regions by feeding in new information on TFA requirements and providing those involved in trading with access to **an accurate and up to date information base**

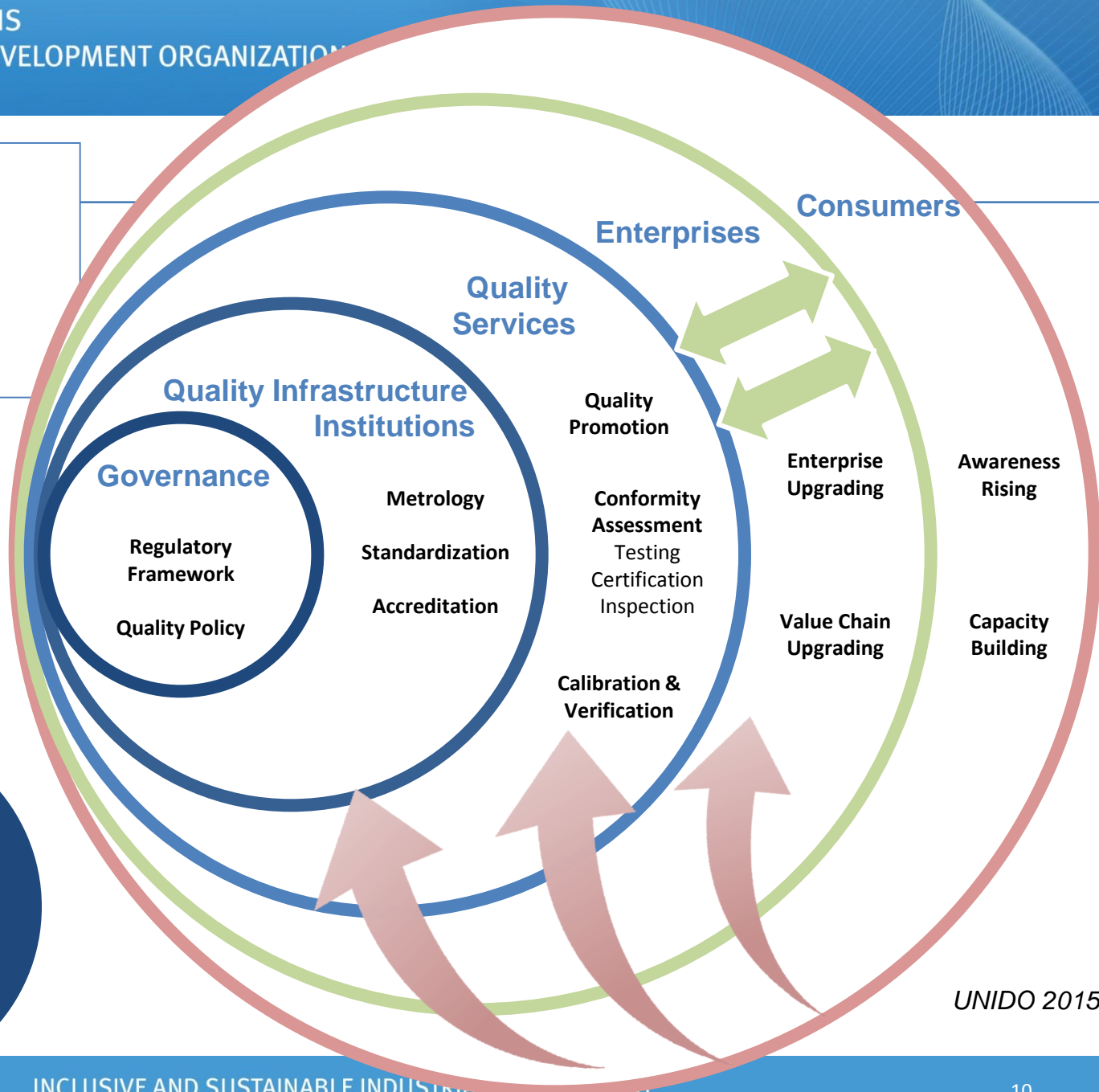
5

Support **Small and Medium-sized Enterprises (SMEs)** to overcome TBT and SPS-related issues by tackling specific quality requirements in a particular value chain. This **minimizes the economic distance** travelled by goods in order to reach their market.

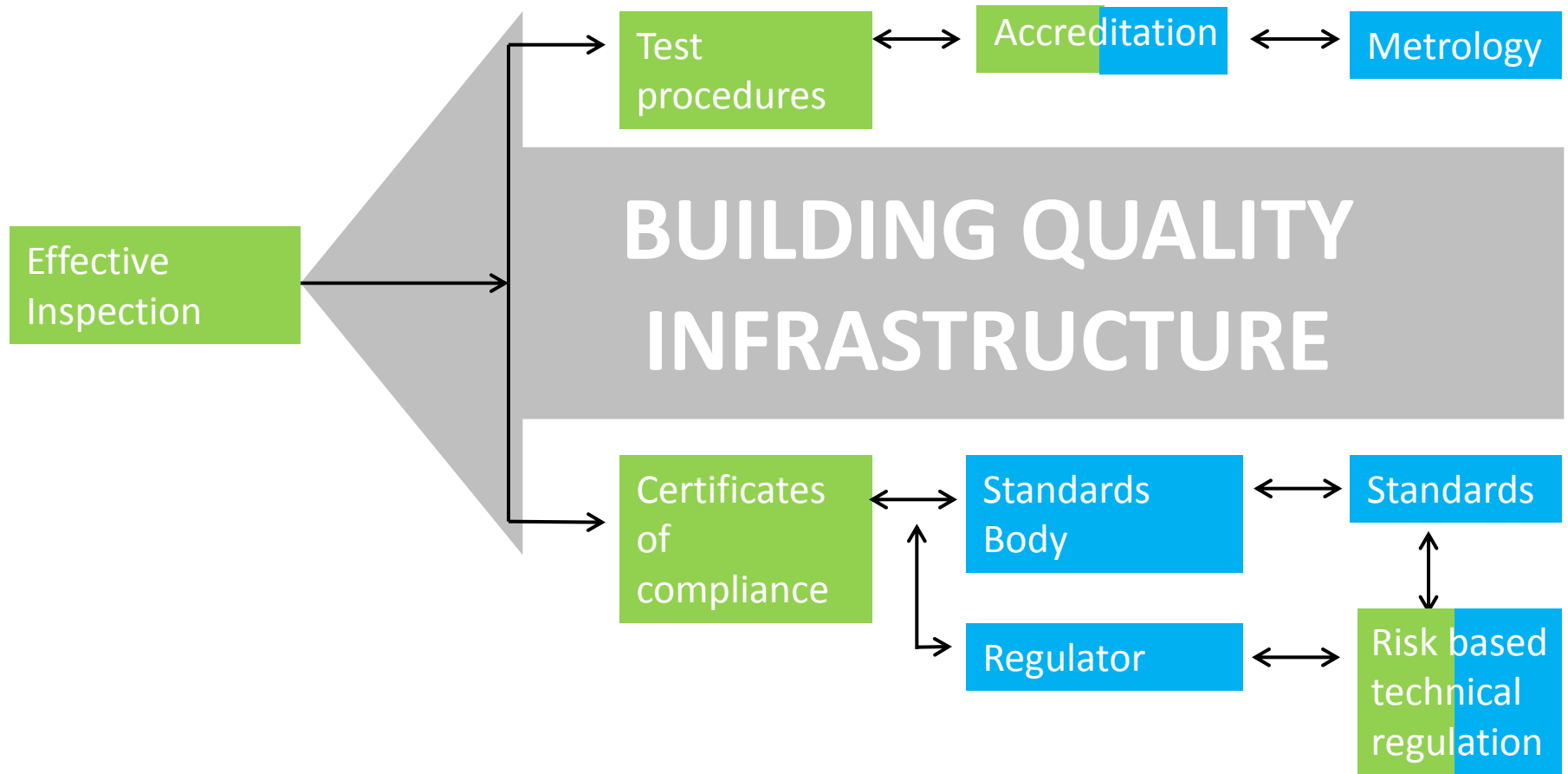
Quality Infrastructure System

Systemic approach

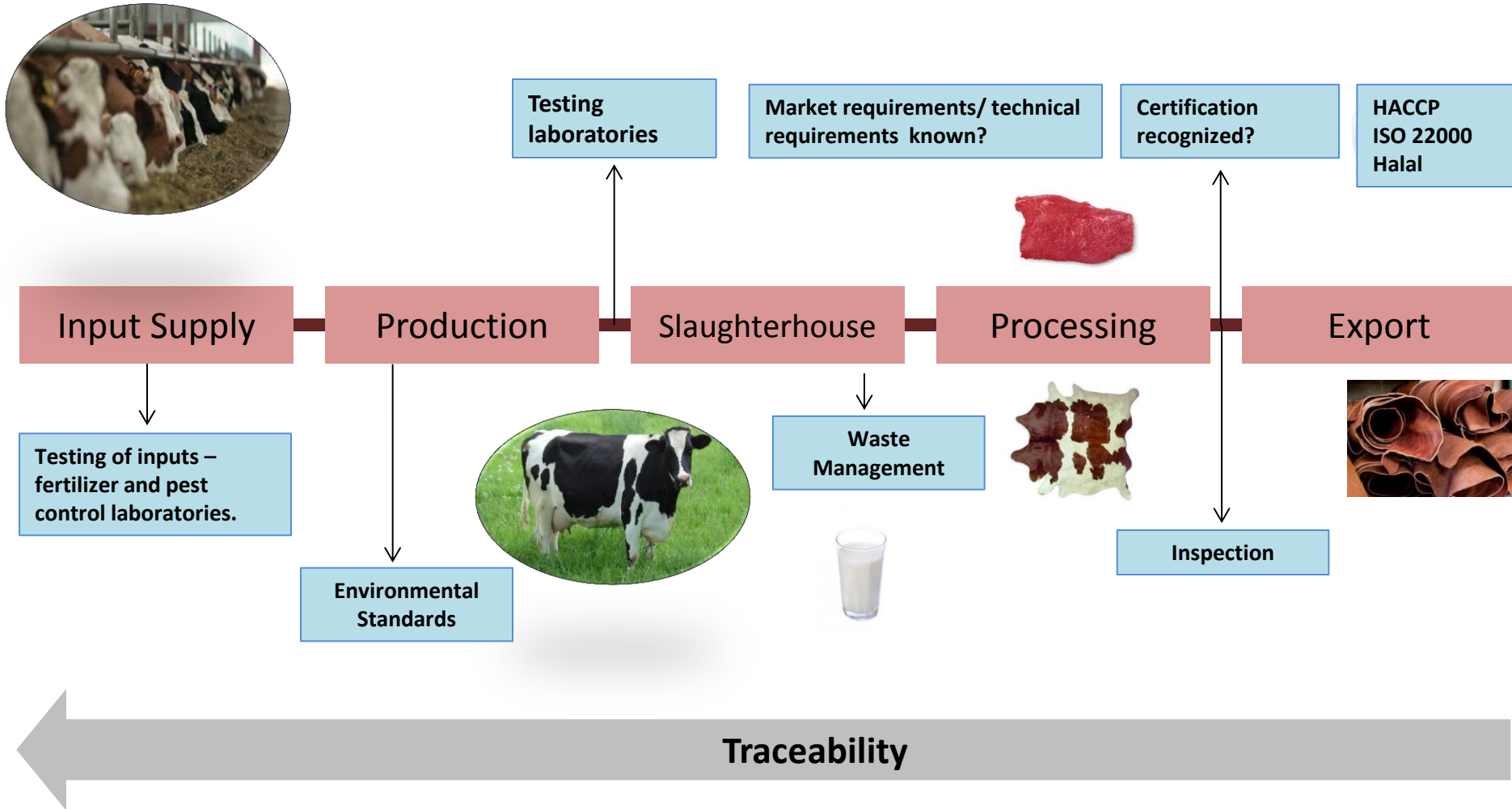
in line with private sector needs



Enabling a Sustainable and Effective Inspection System for TF



Livestock/Dairy/Meat/(Leather) Value Chain Map



Impact

Effective Inspection can make the difference by:

- Meeting international market requirements
- Reducing economic distance to the market
- Reducing costs
- Improving competitiveness
- Ensuring consumer safety
- Enabling access to international markets



Highlights of TF related Projects (1/3)

African Region

PCP-Ethiopia

Providing technical support to the Government of Ethiopia to improve trade logistics / trade facilitation by:

- Identifying relevant SPS/TBT matters in three priority sub-sectors: agro-industry, leather, textiles; also to improve competitiveness and market access, in partnership with UNCTAD / update of DTIS - ETH
- Conducting a pilot BPA for two products (leather), with a view to develop a sectoral Trade Facilitation Strategic Roadmap, in partnership with UNECE.

Malawi

Enhancing the ability to export goods by:

- Reducing the need for re-testing, re-inspection, re-certification abroad through acceptance of measurements, tests, conformity assessment results issued in Malawi
- Introducing a Risk Management approach in Regulatory Framework
- Cutting the time and costs of moving goods across borders
- Strengthening the Malawi Bureau of Standards and assisting in the implementation of the National Quality Policy and the National Export Strategy.

Highlights of TF related Projects (2/3)

Asian Region

Pakistan - Regional Trade

- Support trade within the region by increasing visibility on TBT, SPS and TFA related requirements fostering their convergence
- Establish a module in TBT and SPS to complement an existing trade facilitation portal
- Support recognition of equivalence and ultimately the harmonization of compliance requirements and conformity assessment services.

Sri Lanka

- Build national capacity to comply with food safety and quality requirements along the cinnamon value chain to facilitate export to the regional and global markets
- Contribute towards SPS compliance along the cinnamon value chain through the promotion of Good Manufacturing Practices(GMP) to increase market opportunities/ access to new markets.

Highlights of TF related Projects (3/3)

Arab Region

Working with the League of Arab States (LAS) and the Arab Industrial Development and Mining Organization (AIDMO) to strengthen regional cooperation and integration under the Pan Arab Free Trade Agreement by:

- Setting up the **Arab Regional Accreditation Cooperation (ARAC)** to achieve mutual recognition among the Arab States
- Boosting regional trade in food and agricultural products through streamlined and harmonized conformity assessment procedures.



Future TF related Projects

Latin America and the Caribbean

- The Quality Infrastructure Council of the Americas (QICA) is being established as a platform of Regional Organizations (SIM, IAAC, COPANT) involved in quality infrastructure to provide a single point of contact for action and collaboration to support the expansion of national quality infrastructures in the region.
- The objective is to:
 - enhance the mutually supporting activities of standards development, accreditation, and scientific, industrial and legal metrology as the key elements to facilitate trade.
 - achieve mutual recognition among the LAC countries
 - harmonize conformity assessment procedures



Testing and Inspection – the missing link for successful implementation of the Trade Facilitation Agreement

Thank you!

Contact info:

UNIDO Trade Capacity Building

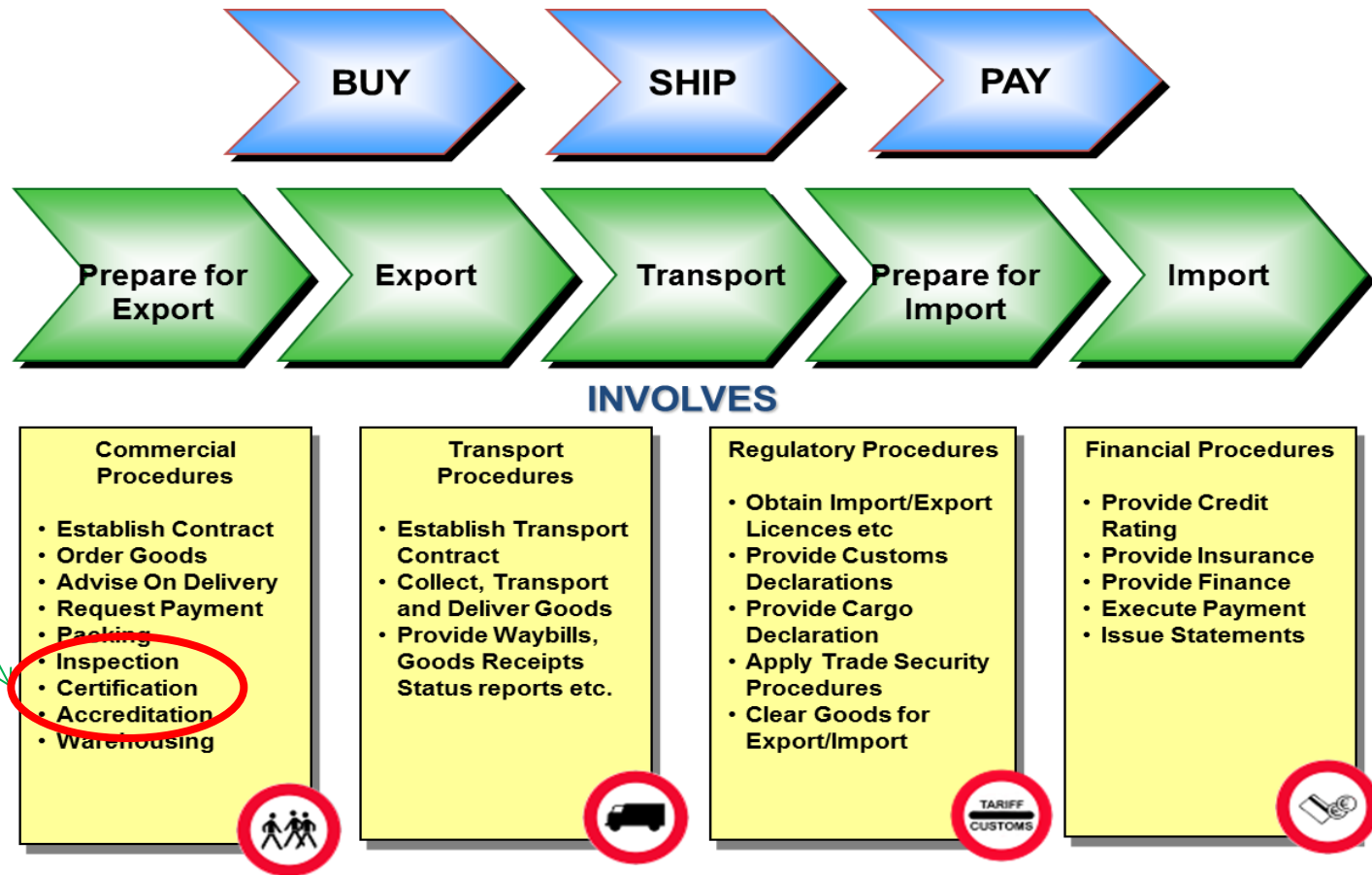
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Where does NQI fit into Trade Facilitation?

NQI's
ENTRY
POINT in
Trade
Facilitation

+ Business Process
Analysis
+ Trade Facilitation
Strategic Roadmap



Note: UNECE Supply Chain model for TF

Testing and Inspection – the missing link for successful implementation of the Trade Facilitation Agreement

1. Governance: quality policy/regulatory framework.
2. Quality infrastructure: metrology, accreditation, standardization .
3. Quality services: calibration, testing, inspection and certification.

TBT related inputs for TF

Support institutions/ National standards bodies (**NSB**) to align to international **standards**, in particular in the areas of TBT and SPS and effectively provide **inspection services** to reduce the time to reach the market (Article 12 – Border inspection).

Standardization

Increase **transparency** by supporting **testing/inspection service providers** to obtain internationally recognized accreditation in order to offer their services to the private sector at a competitive price, allowing them to reduce costs (Article 5.3 – testing procedures).

Transparency

Essential elements for effective Trade Facilitation

Enabling an efficient trading system

SPS related inputs for TF

1. Food safety policy/ quality policy.
2. Institutional reform for food safety.
3. NSB in food related standards.
4. Testing laboratories for food.

Simplification

Strengthening **WTO TBT/SPS/TF Enquiry Points** to contribute to the **simplification** of trade flows (Articles 7.9 - perishable goods and Article 1 -publication).

Harmonization

Harmonisation of compliance requirements and mutual recognition of **conformity assessment procedures** through the consultation on both sides of the border, at national and regional levels. (Article 8 – integrated border management and Article 12 - customs cooperation).