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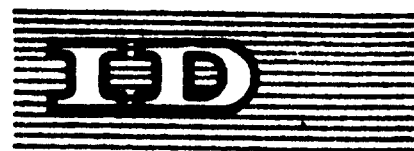
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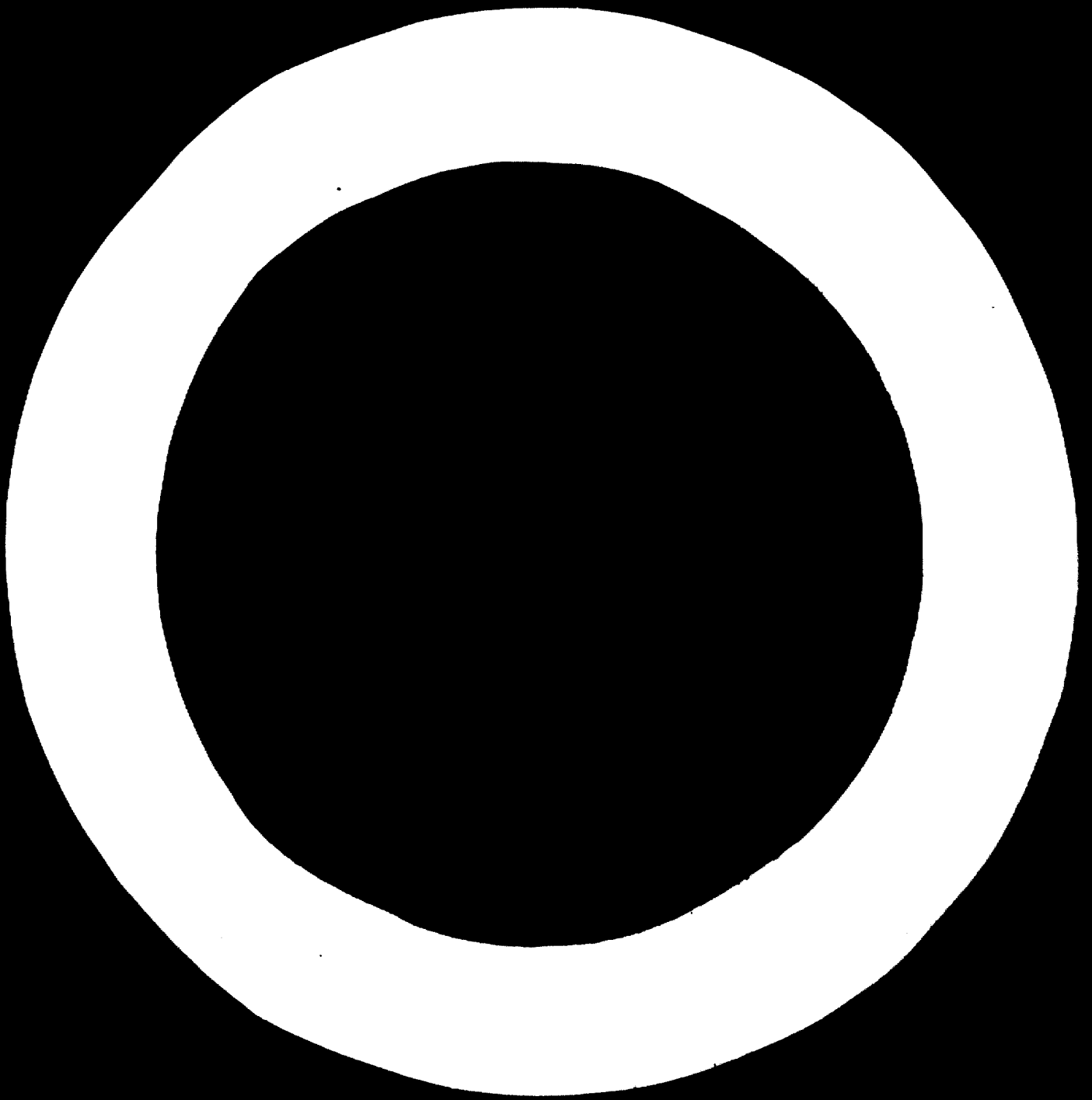
STANDARDIZATION AND EXPORTS PROMOTION ^{1/}

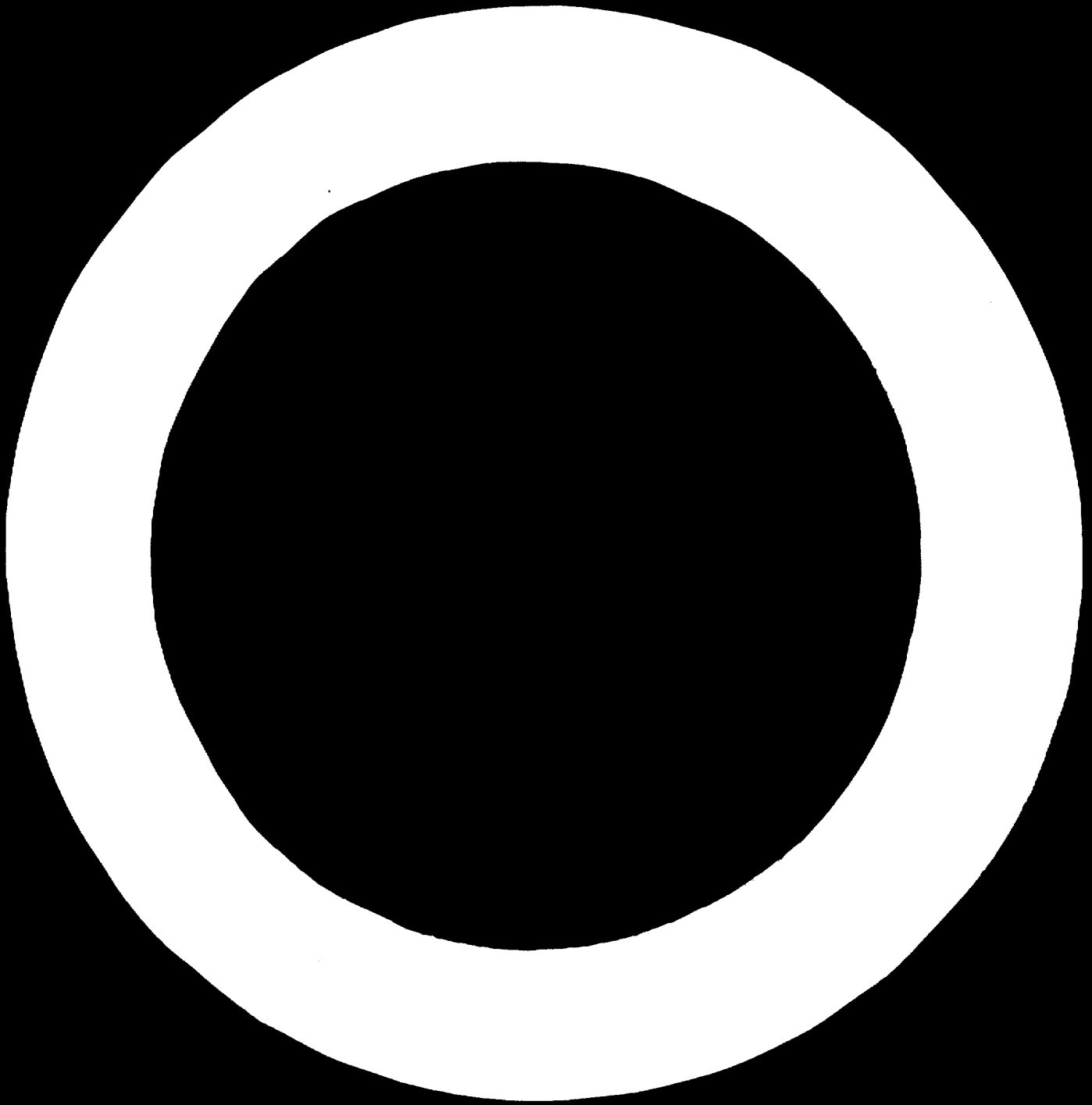
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STANDARDIZATION AND EXPORTS PROMOTION

INTRODUCTION

Industrial standardization has its roots in the needs of commerce but its branches are universal. Its growth is due to the recognition of its public value and to the ever-expanding number and complexity of articles of commerce. Its fruit is the improvement in the products of industry and confidence in commercial transactions.

The image of the spreading tree is particularly applicable to the export markets of the world. A soundly based home industry can expand abroad, using a common language in the form of a standard. Economies of scale and increasing efficiency lead to a greater ability to compete in world markets and thus increased financial prosperity.

One of the greatest aids to business is a satisfied buyer, and it can be asserted with confidence that the producer is entitled to a fair price for his product and the buyer to value for his money. In plain matters of weight or measure, it is comparatively easy to assess the bargain. Is it not equally essential that in buying and selling, there should be standards for the essential characteristics of the goods so that the buyer knows precisely what he is buying?

There are five main types of standard: standards for dimensions; standards for performance or quality; standards for test methods; standard terms and symbols; and codes of practice. For the individual consumer, the use of standards assures such benefits as interchangeability, safety, known performance, clear operating instructions, comparability of one brand with another. For the smaller manufacturing firm, the use of standards means economies by variety reduction and by eliminating the need for extensive re-checking of bought-in materials and components. For the large industrial enterprise, standardization is simply sound, economic sense, promoting a more efficient operation, producing the right product, fit for its purpose, to recognized specifications, at less cost and to better delivery times than would otherwise be the case.

All these considerations apply to buying and selling in the home market. How much more do they apply in export markets, where there is world wide competition and no factor of proximity or national sentiment to influence the buyer! A foreign buyer above all wants to know what he is buying, in terms of a specification that suits him, of reliability and of consistency.

When considering export promotion it is most important to ensure first of all, that one's own house is in order. It is by its exports that a country will stand or fall in the eyes of the outside world. The difficulties of repairing an original bad impression caused by poor quality or unreliability of an exported product are inestimable, and can mean a set-back of many years and a serious financial loss.

With the exception of a few items endemic to a country - in other words, its natural resources and non-manufactured goods - competition in the world market is considerable and the development of a national standard can go a long way towards gaining the confidence of potential overseas buyers, and can help to maintain that confidence once it is established.

PREPARATION OF NATIONAL STANDARDS

It must be remembered that in preparing a national standard one is not necessarily aiming for the best quality possible, as in many products this would result in being priced out of the market. The requirement of the specification should be written in terms of the "optimum" quality for the job. We hear a great deal these days about planned obsolescence - a term which normally implies criticism. In some cases, however, planned obsolescence should be written into a standard. For example, a paper handkerchief is not wanted for use more than once. To make it more durable would be unnecessary and uneconomic. The aim should always be the minimum statement of optimum (not highest) quality in order not to increase cost unnecessarily; not to restrict processes of manufacture and not to limit the use of possible alternative materials; but above all to ensure fitness for purpose.

The establishment of a national standard is, therefore, the first step into the export field, but it is most important that a country does not then sit back in satisfaction and say "Now it is up to the manufacturer". It is essential that some form of regular checking is carried out in order to ensure that there is no relaxation of the standard. It cannot be stressed too strongly that standards must be maintained and that methods of sampling and quality control must be regularly reviewed to take into account any developments or improvements which may be current. I shall say more later on the subject of national certification and inspection programmes and their role in the development of markets both at home and abroad.

QUALITY ASSURANCE

In exporting, therefore, the most important factor to remember is **CONSISTENCY**. This is where the Central Standards Authority comes in. If a product can say that it conforms to a recognized standard, this immediately tells the buyer something about that product which must remain constant. This leads to the preparation of a specification or standard which includes obligatory checking and quality control procedures. To maintain satisfactory levels of quality the following points should be observed in drafting the standard specification:

- a) The characteristics must be stated precisely and with clarity;
- b) The methods of test for measuring the characteristics must be specified;
- c) The procedure for inspection, sampling and testing must be laid down;
- d) Some broad guidelines may be given for facilitating the introduction of process control in the process plants of the manufacturers implementing the standard.

Quality control is only part of the story, however, and full emphasis must be given to the importance of Quality Assurance which begins in the control exercised in the production process. Quality Assurance should include all the factors contributing to the production of goods which are demonstrated to be fit for the purpose for which they are intended. It is essential

from the point of view of the purchaser that he should be able to have a continuing confidence in the product which he is buying and that its standard should remain constant. This is where national inspection and certification programmes have a most important part to play and I shall be discussing these in detail later in the paper.

EXPORT MARKETS

Given that some form of national standards authority is in existence, let us discuss the adjustments which may have to be made for export markets. One cannot take a product produced for home consumption, stick an airmail stamp on it and send it off!

Internal markets are, to a large extent, dependent on relatively stable factors ie population, climate, traditional social and religious customs and so on. Export markets are varied. It is most important, however, that any potential markets are very carefully researched before financial commitments are entered into. Alternative channels of distribution must be carefully weighed up and every effort must be made to take advantage of modern facilities for economy and speed of delivery. This is where recent developments in containerization play an important part and obviate much unnecessary handling of the product or material thereby lessening the likelihood of damage in transit. Changes of climate may affect the export particularly if it is perishable and all other possible contingencies should be taken into account. Packaging is becoming increasingly important with the development of new techniques, both in respect of delivering goods in the form and condition required and in providing on it essential point of sale information.

REGULATIONS

It is of paramount importance that the exporting country is in full possession of all up to date information on the laws and regulations of the country to which it hopes to sell, and in some cases this may necessitate the production of an "export model" varying from that produced for the home market. A good example of this comes from the US Safety Regulations for Automobiles to which car manufacturers in Britain have to conform if they want to export to North America. In a situation of this kind, it would be necessary to have two separate standards - one for the export model and one for the home model. It is possible, however, that the existence of a dual standard for what is basically one product, may lead to acceptance of the export specification for production as a whole, although this may mean a change in traditional techniques. It is important that provision to meet overseas requirements should be built in at the design stage and not added on later at considerably increased expense.

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION

The possibility of reaching international agreement on specifications should obviously be encouraged and in order to derive full benefit from standardization a national standard should be aligned with these agreements. This is where the International Organization for Standardization (ISO) with membership of more than 50 countries has a most important part to play. It is also interesting to note that it is the countries whose balance of

Payments depends largely on maintaining an active export market which are most strongly represented on the ISO committees working for international standardization. Equally important in the electrotechnical field is the IEC. It is rapidly becoming more and more of an impracticable and academic exercise for a standards body of an exporting country to distinguish between national and international work.

EXAMPLES

Up to now, the word "product" has been used, but the main export of a country may be something which is not "manufactured" as such. It may be coffee beans, sugar, hides and skins or one of the country's natural resources such as diamonds or copper. Here the national standards authority should be closely concerned.

1. Tea

A striking example of standardization and its effect on exports comes from Ceylon. Some years ago, the traditional trade in tea which was the backbone of the nation's economy had decreased to the extent that Ceylon was heading for an economic crisis. An analysis was made and it was discovered that the international markets had become dissatisfied with the irregularity of quality in shipments of tea. Steps were immediately taken to rectify this discrepancy and specifications were drawn up setting out ways of keeping the different growths apart, giving instructions for drying the leaves and laying down the maximum proportion of impurities - such as small pieces of twig - which were permissible in any one shipment. Now anyone who buys tea from Ceylon knows that he is getting a product of good and - most important - standard quality.

2. Coffee

A similar example concerning the export of coffee can be quoted from an African country which had practically no standardization control. Small stones in batches of beans were causing problems and the taste of the coffee was being influenced by the inclusion of leaves and twigs in the shipments.

The international coffee market is, to a certain degree, regulated through quotas but this does not exclude competition in the export market between countries and also between the exporters themselves within a country. The exporter needs a standard for his purchasing from sub-contractors and for his inspection, while the importer needs the same standard for his inspection at delivery. If the standard can be combined with a recognized and authoritative certification mark, this can facilitate and speed up the procedures on both sides.

PACKAGING AND LABELLING

One must not neglect the final stage of preparation for export - packaging and labelling. Packaging has already been referred to because the use of the latest techniques may be critical to the acceptance of the product in an oversea market. As far as labelling is concerned, national legislation

must be carefully studied to ensure strict conformance to the laws of the land. Labelling of food and drugs is particularly important as carelessness in this respect can result in serious financial loss through whole shipments being refused entry.

INSPECTION AND CERTIFICATION

The whole point of a successful export promotion is that it makes money and helps the balance of payments. However, it is the repeat orders that build up prosperity. It is to ensure that orders keep coming in that the national standards authority will often set up a national inspection and certification programme.

The importance of national consistency of quality and reliability of a product cannot be stressed too often, and this can only be realized through standard methods of sampling and standard quality control techniques.

In several industrial countries, the national standards body has been encouraged to set up systems of certification marking of goods made to its standards. In other words, the manufacturer might request inspection of his product in order to qualify for a licence. In Britain, this would mean that a manufacturer would apply for certification through the use of BSI's Kitemark, a registered certification mark. This mark is used under licence from BSI in conjunction with an agreed scheme of control and supervision which will normally include regular inspection of the licensee's works and periodic independent testing. This certification mark is valuable to manufacturers and purchasers alike. It reinforces the manufacturer's own quality control and provides an independent assurance of compliance with a standard; it obviates the need for individual sampling and testing by industrial purchasers, local authorities, government departments and so on. What is also of particular value to developing countries is that a measure of advice and education is fundamental to such a scheme. Should a manufacturer fail to attain the recommended standard, he would be guided and advised as to the improvements which he might make in order to reach that standard.

The growth of reciprocal recognition of national certification schemes is most valuable especially between countries which regularly exchange goods and services. If certification is in the hands of the national standards authority, its status and competence is instantly and internationally recognized.

The important point about the scheme outlined above is that it is voluntary. Although legislation regarding certain aspects of production eg Health and Safety Regulations exist in most countries, - the essence of a scheme run by the national standards authority is that it is on a voluntary basis.

Such a scheme, to work successfully, must have the unquestioned acceptance of the world and this is not achieved overnight. For countries which do not have a long established industrial background, it is, therefore, often wise to consider the possibility of a national inspection and certification programme being under the wing of the government - at least in the beginning. A government sponsored scheme would have instant credibility and prestige.

JAPAN

A very interesting example of how a scheme of this kind can benefit exports,

comes from Japan. Japanese products are, today, known all over the world for their high quality, but it has not always been so. Twenty or thirty years ago, the words "Made in Japan" were regarded as synonymous with poor quality. The government was not unaware of the situation and determined that it should be changed. Accordingly after thorough research and discussion specifications were drawn up for all the main products, and training at all levels from sophisticated statistical methods to simple piece-checking was given. A central organization for the inspection and certification of goods for export was set up and after a very short time, improvements were apparent.

From this example, we can see that the following points should be taken into consideration:

- a) Formation of an overall national policy;
- b) Long-term planning and detailed research;
- c) Preparation and distribution of national standards;
- d) Testing and certification programme to evaluate success.

IRAN

A good practical example of how a country emerging from an agricultural to an industrial economy sets about establishing national standards, comes from Iran.

In 1953, the Law of Standard Organization was passed and in 1954 what was later to be called the Institute of Standards and Industrial Research, (ISIRI) began its work. In the case of Iran, the Chairman of the High Council of ISIRI is the Minister of Economy thus ensuring a direct link with the economic policies of the country as a whole.

A look at the list of the first 100 standards produced by ISIRI shows clearly the emphasis which is being given to goods for export and although compliance with ISIRI standards is, on the whole, voluntary, in the export of dried fruits and other agricultural products 36 standards are compulsory. Standards concerning health and safety may also be declared mandatory from time to time. Responsibility for testing and inspection of export products brought under government control resides with ISIRI and no consignment can leave the country without a certificate showing that it complies with the relevant standard. Export goods are random sampled by ISIRI staff at production centres and factories, tested at ISIRI's laboratories and certified as being up to standard.

Since the first steps were taken in 1953 and the first standard was issued (for the flag of Iran), Iran has progressed rapidly to become a member of the Asian Standards Advisory Committee and a pioneer in the organization of training courses for technical personnel from all parts of Asia.

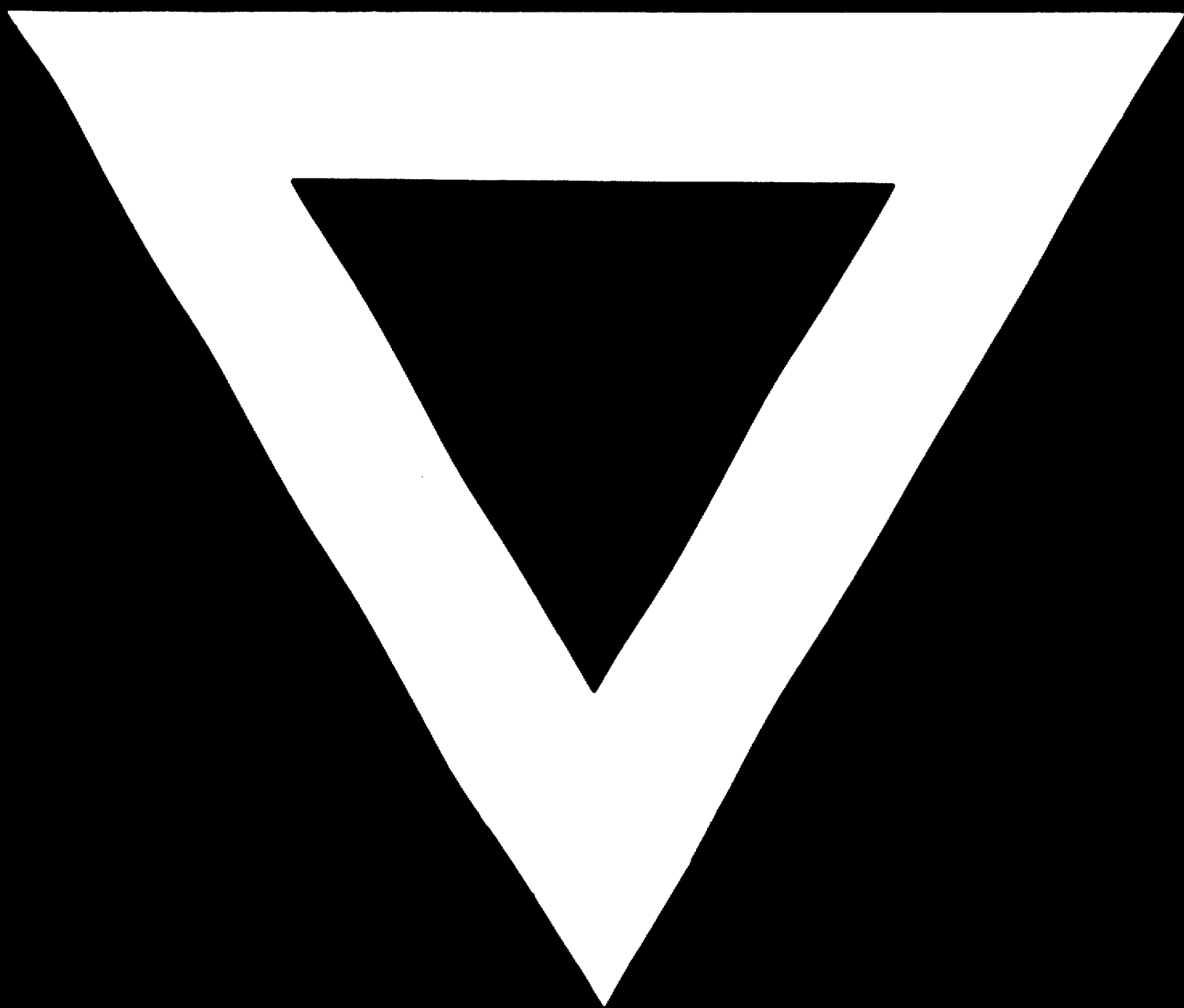
CONCLUSION

In summing up, I should like to emphasize once more the main points to be considered when relating standards to exports promotion:

1. Consistency leading to confidence in the product by the purchaser;

2. Quality Assurance ensuring the purchaser's confidence is maintained;
3. In-depth research of the potential market before financial commitment;
4. Total compliance with national laws and regulations - provision for this to be made at design stage;
5. Use of a common language - that is, international standards - wherever possible leading to freer trade throughout the world and increased international understanding.

It is in this field of improved international understanding and mutually - valuable exchanges of ideas, that UNIDO workshops such as this one have such an important part to play.



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