

Chapter 6

Key Recommendations

November 2016

This chapter should be cited as

ERIA (2016), 'Key Recommendations', in Scoles, S.D (ed.), *Harmonization of Standards and Mutual Recognition Agreements on Conformity Assessment in Indonesia, Malaysia, Thailand, and Viet Nam*. ERIA Research Project Report 2015-14, Available at: http://www.eria.org/RPR_FY2015_No.15_Chapter_6.pdf, pp.22-24.

6. Key Recommendations

The review of domestic implementation of standards and conformance efforts in Indonesia, Malaysia, Thailand, and Viet Nam suggests that challenges persist, including resource constraints at the government level, particularly on the timely preparation and promulgation of standards. Another challenge is the overall technical capacity of CABs and industry players, particularly SMEs, as they account for the bulk of industry in the ASEAN region. On CABs, some national standards bodies may not have the necessary manpower or logistical support to implement standards and conformance effectively, particularly in cases where a standard must be promulgated in the local language or in cases where the jurisdiction over a particular sector is spread across multiple ministries or government agencies. Challenges with SMEs broadly include the lack of qualified CABs, as well constraints among local businesses that are unable to meet the identified standards owing to a lack of current expertise, advanced technology, and/or know-how.

In this regard, the key recommendations to support the domestic implementation of ASEAN standards and conformance initiatives are as follows:

- **Improve technical capacity.** Donors and other facilitators should tailor capacity-building programs specifically for the intended audience – whether for government officials involved in the standardisation process, companies that actively utilise standards on a regular basis, and SMEs with little exposure or understanding of even the basic principles of standardisation and conformance. Oftentimes, there may be a tendency to mismatch the type of information and training provided to the intended audience, creating unnecessary confusion or misunderstanding as to the basics of standardisation, its importance to the industry, and its overall benefits. In the case of SMEs, technical capacity challenges include, among others, access to and dissemination of basic information on standardisation and conformance, human resource and cost constraints to apply or adhere to a particular standard or to gain access to a testing laboratory or accreditation facility, and lack of infrastructure and financing to participate in the standardisation process.
- **Expand private sector participation.** In standards-related discussions and during information-sharing sessions, the participation of the private sector is crucial to ensure the sustainability of standards-related efforts, as these would be meaningless without uptake from relevant users. Private sector participation in technical committees and industry standards committees during the standards formulation process is necessary to provide technical inputs and to support industry advancement. However, non-participating firms may feel isolated from the process and lose interest in standards and conformance activities. Government bodies and trade associations can both play a role in developing programs to increase the awareness and usage of standards. The critical goal in this process is to build connections among all members of a sector such that standards-related matters become a whole-of-industry approach.

- ***Design specific and tailor-made capacity-building programs.*** Engagement should be (i) at the national level if targeted at a specific weakness of a country; or (ii) at the regional level if it is a regional issue. The program should be specific and the solution is tailored to the challenge and audience. In addition, language should be simple and accessible to newcomers, regardless of whether this is addressed to private or public sectors. Based on interviews with the national standards bodies, parties interested in designing capacity-building programs for the ASEAN or its member states often misunderstand the national or regional levels of authority and process of decision making. As a result, such proposed programs often miss their intended targets or face likely rejection from the recipient country. In addition, due to the differences in economic development and maturity of regulatory regimes across ASEAN member states, the technical content used in capacity-building programs suitable to a more developed member state may not be appropriate to another less developed member state. Program organisers should be fully aware of the existing knowledge of their intended audience and tailor the content and language of the program accordingly.
- ***Improve the CABs.*** ASEAN governments should allocate more resources to spur the development of qualified and competent CABs. They should understand that the lack of qualified CABs obstructs local businesses, especially SMEs, from expanding across the ASEAN market under the sectoral harmonised standards and MRAs. A notable example that supports this recommendation is Malaysia's national budget for 2016 in which the government will provide incentives for the establishment of CABs. The fact that Malaysia has allotted a specific budget to this area highlights an unmistakable fact that the resources of ASEAN's partners are limited, financial or otherwise. It is ultimately the responsibility of a country to take ownership over lagging areas of a policy area and to dedicate time and resources to address the issue.
- ***Publish online all information relating to standardisation and conformance.*** This could include appropriate portals, such as the ASEAN Trade Repository, where the list of all harmonised standards and listed CABs are published. The information should also include updated progress in the implementation of ASEAN standards and conformance initiatives, such as the adoption level of the harmonised standards. Providing such information in a clear and transparent manner – even if presented first in the national language of each ASEAN member state with the ultimate aim of eventually using English – would allow businesses to obtain the necessary information to prepare their strategies that will expand the reach of their products and services across the ASEAN. It must be noted that the ASEAN is reportedly taking steps to publish all information by the end of 2015. The speed and timeliness in which information is available is also crucial for business growth across the ASEAN. The business sector has noted the lack of up-to-date information that inhibits companies or enterprises from developing strategies for their market access to grow in the region. While they may contact their national standards body for information, this method of information gathering may take time as government representatives have to research the information and issue a response. Given the general lack of manpower at the

national standards bodies, this approach may not be an effective use of time and resources. In this regard, publishing all information online and providing a contact person for further inquiries could be an ideal solution.

- ***Enhance technical infrastructure and competency in laboratory testing, certification, accreditation, and calibration.*** Internationally accepted procedures and guidelines should form the basis of this process. This constant focus on improvement and pursuit of world-class practices will ensure that ASEAN-origin businesses or foreign businesses seeking to leverage the harmonised sectoral standards and MRAs in the region can expect a consistent and predictable business environment.
- ***Encourage ASEAN member states to share with each other the use of conformity assessment facilities*** when such facilities do not exist in a particular member state. Financial resources may not be sufficient in cases where a country has to develop facilities and personnel to conduct conformity assessment procedures. These efforts may also take a long time to complete. The sharing of such facilities could temporarily alleviate these resource constraints and even serve as an approach to limit redundancies.

7. Conclusion

The implementation of standard and conformance measures under the AEC Blueprint has not been without challenges, and the reality is that full implementation of all measures by the end of 2015 is unlikely. The formal target of establishing the AEC by 31 December 2015 is, therefore, not an end goal but an initial milestone for ASEAN economic integration. In that respect, the post-2015 agenda, i.e. AEC 2025, would prioritise any unfinished work from AEC 2015, while expanding the coverage of sectors under standards and conformance beyond the priority integration sectors. While ASEAN member states are taking steps towards implementation, there needs to be a greater appreciation that standards and conformance form the technical foundation for the free flow of goods in a true single market and production base envisioned under the AEC Blueprint. This paradigm shift is arguably not achievable in the short term either in a country or as a region. However, the ASEAN has the opportunity to focus attention to this lagging area during the AEC 2025 implementation period by inculcating values and adjusting attitudes to achieve the foundation necessary for greater standards and conformance activities in the region.