

THE ROLE OF LGUS AND ACADEME IN GLOBAL COMPETITIVENESS AND CONSUMER PROTECTION

Presented

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Outline of Presentation



1. Introduction
2. Standards and Technical Regulations
3. What LGUs and Academe can do to support global competitiveness and consumer protection.

Introduction

Importance of Global Competitiveness

- Every country wants to have more trade!
- With more trade there will be more growth!
- To trade more, global trade in particular, one must be competitive.
- Thus, the importance of global competitiveness cannot be overemphasized.

Importance of Consumer Protection

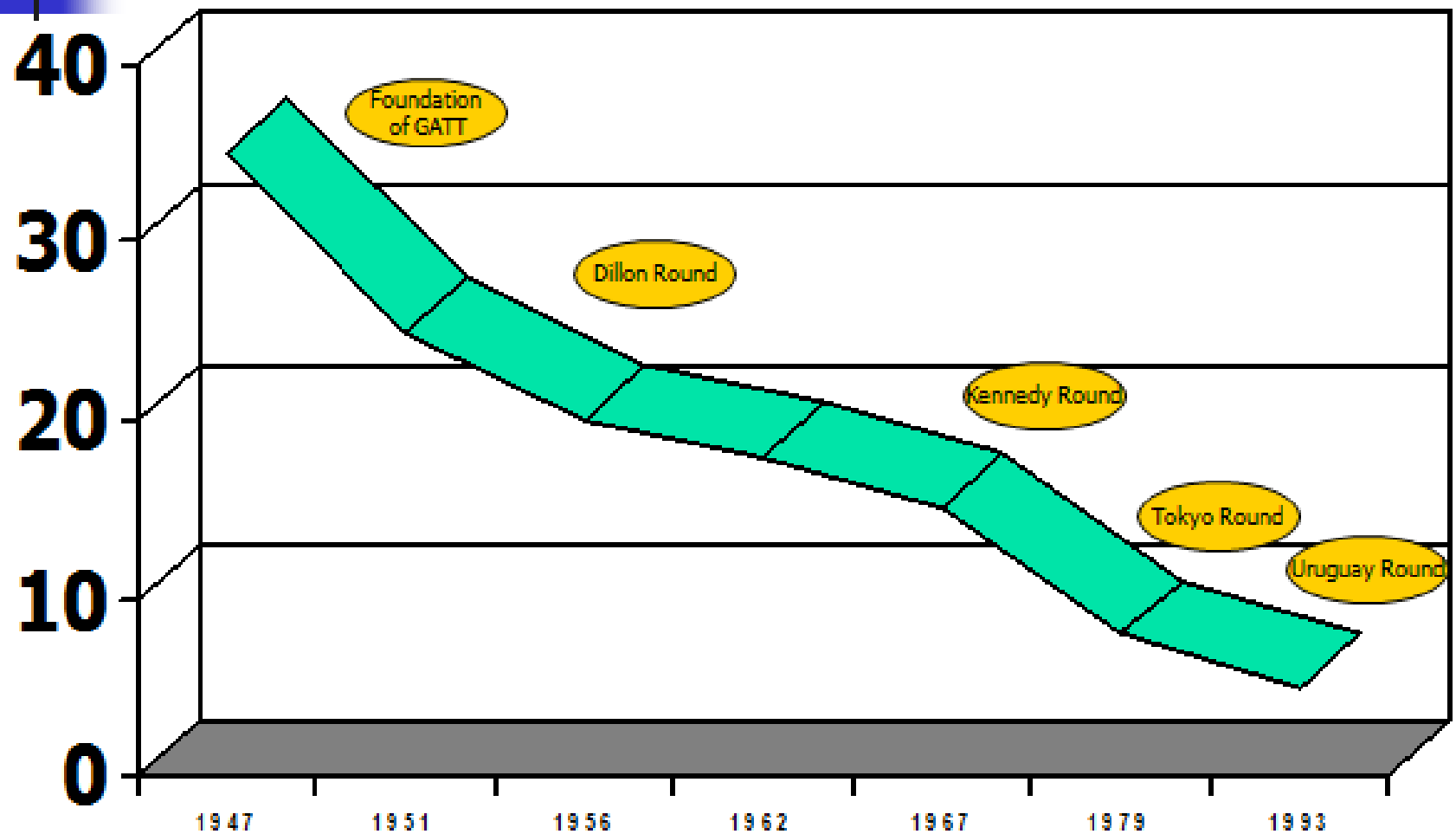
- With more goods being traded, government has to ensure that consumers in the country do not get unsafe and hazardous products.
- Government has to ensure as well that products, services and activities do not adversely affect the environment .

Event that led to the current situation

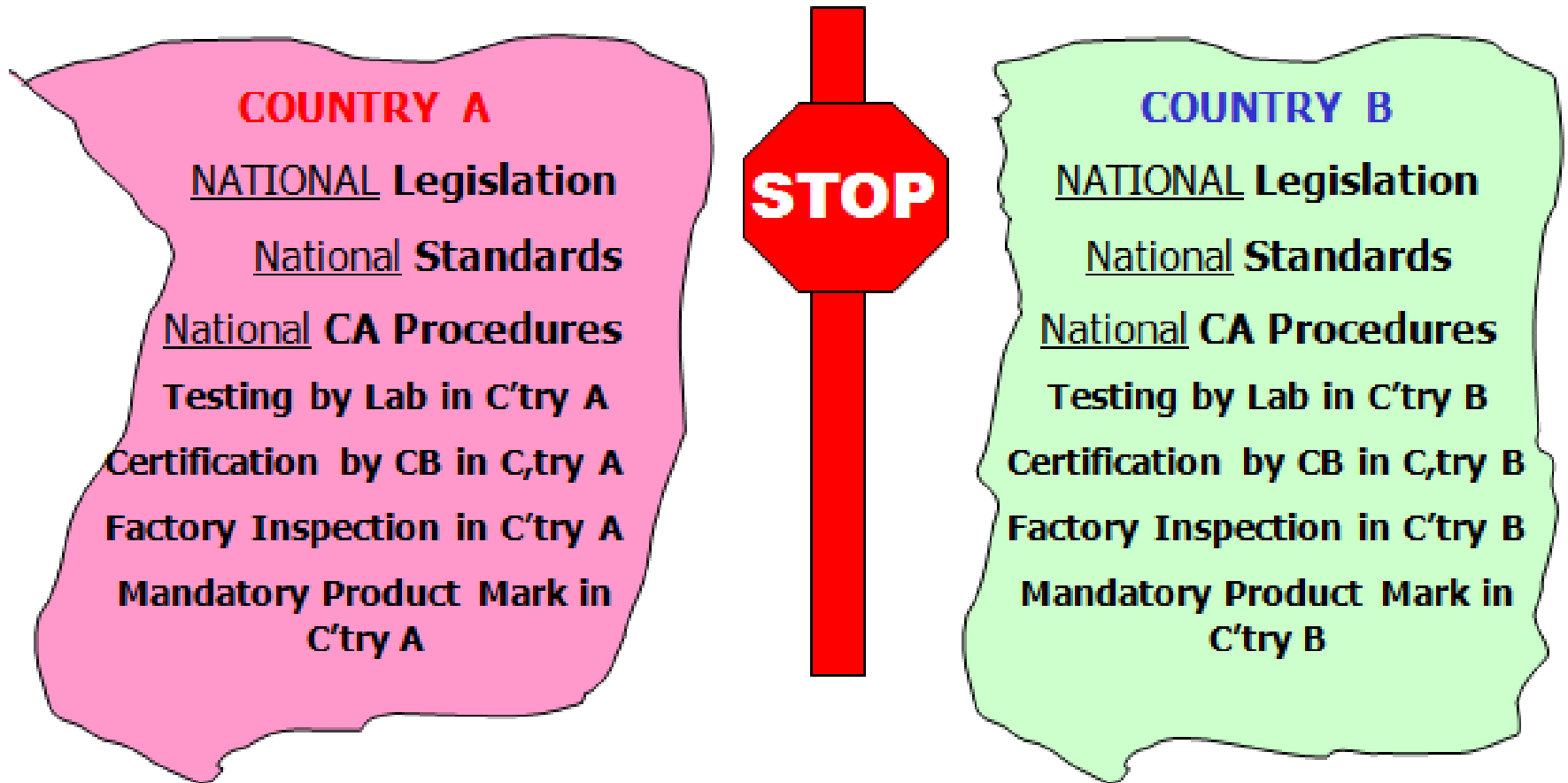
Philippine Accession to WTO on 01 January 1995

- > reduced tariffs of goods
- > increased non-tariff measures
- Non-tariff measures
 - > standards
 - > technical regulations
 - > conformity assessment requirements

Tariffs of most products...



What technical barriers do?



Technical barriers to trade

- Standards
- Technical regulations
- Conformity assessment requirements

What are Standards?



Authoritative documents containing criteria necessary to ensure that a material, product or procedure is fit for the purpose for which it is intended.

These are norms, guidelines for evaluating compliance with agreed characteristics.

A sound standard is one established by consensus among relevant parties.

Bureau of Product Standards(BPS)

- National Standards Body
- A Bureau under the Department of Trade and Industry
- Established in 1964 per RA 4109
-

Bureau of Agricultural and Fisheries Product Standards (BAFPS)

BAFPS, Department of Agriculture

develops/adopts standards for fresh, primary and secondary processed agricultural and fishery products

Food and Drug Administration(FDA)

- FDA, Department of Health

develops and implements standards for processed food, pharmaceuticals, cosmetics and medical devices

Standards developed by BPS

7,867 as of May 2012

6,207 are aligned with international standards.

86 have been declared “mandatory” or technical regulations

BPS standards consist of:

- a. Terminologies
- b. Specifications
- c. Sampling
- d. Methods of inspection/tests
- e. Systems standards

Linkages of BPS w/ Int'l Bodies

- ISO- International Organization for Standardization (164 member bodies)
- IEC- International Electrotechnical Commission (108 national committees)

Linkages of BAFPS w/Int'l bodies

- Codex Alimentarius Commission
- International Plant Protection Convention
- International Office of Epizootics

Linkages of FDA w/Int'l Bodies

□ a

Levels of standards

- International Standards- ISO, IEC, ITU, Codex
- Regional Standards- CEN, CENELEC
- National Standards - PNS, JIS, DIN
- Company standards- URC, San Miguel, Mariwasa

How standards are developed



- Standards are developed through technical committees
- Subcommittees and working groups may be created when needed
- TCs are composed of stakeholder representatives on the subject being standardized

Technical Committee Members

Usually come from:

1. Academe
2. Trade /industry associations
3. Consumers groups
4. Professional associations
5. Government institutions
6. Research institutions
7. Testing institutions

WTO TBT Agreement



Article 2.4 of the WTO TBT Agreement states:
Members shall use international standards as bases
of their technical regulations.

Technical regulations



Are standards or requirements with **which compliance is mandatory.**

Technical regulations are to be complied with both by domestic and foreign suppliers (*Non-discriminatory provision of WTO TBT agreement*)

Technical regulations

- Technical regulations that are based on international standards and transparency and broad consultation were observed in their preparation will not impede trade.
- Thus WTO has rules that, as far as possible technical regulations should be based on international standards.

Good Regulatory Practice(GRP)

GRP is important in the preparation and enforcement of technical regulations.

Principles of good regulatory practice:

1. Transparency
2. Responsibility and accountability
3. Proportionality
4. Coherence and compatibility
5. Specificity

Regulatory Impact Assessment (RIA)

RIA is an instrument used for determining the impact of a technical regulation with regard to the cost, benefit and its adverse effects .

A study has to be made whether the benefits justify the total cost of the regulatory exercise.

Wherever possible quantify cost to government, to economic actors and consumers.

Regulatory Impact Assessment

- Is the regulation compatible or not in conflict with existing national legislation?
- Will it be necessary to amend existing laws and regulations?

Standards vs. Technical Regulations

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Standards

Voluntary

Responsibility:

**Recognized standards
organizations**

**Motivation and purpose:
Competitiveness of
economic operators and
other interested parties**

Technical regulations

Compulsory

Responsibility:

**Gov't departments,
regulatory agencies**

**Motivation and purpose:
Protect citizens and the
environment; market
failure**

Standards vs. Technical Regulations

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Standards

Development process:

Standards bodies support and facilitate the process which is initiated by interested parties;

Consensus-based process;

Publication of draft standards for public review; review of approved standards every 3 or 5 years

Technical Regulations

Development process:

Initiated by **authorities;**
Consultation of interested parties yes, **but**
consensus not a binding requirement; Coherence analysis; Regulatory impact analysis; WTO Notification of document; Regular review of approved legislation

Standards vs. Technical Regulations

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Standards

Conformity assessment:

By certification, testing or inspection bodies

Degree of acceptance:

High to very high

Technical Regulations

Compliance:

Authorities enforce regulations or retain final responsibility in case of delegation to other bodies

Degree of acceptance:

Varied

Standards vs. Technical Regulations

Standards

Standards

are recommendations and are instruments for optimization., simplification, productivity and competitiveness. Originally developed for manufacturers and their clients

Technical Regulations

Technical regulations

are legally binding. aim to achieve the protection of consumers against dangerous products, protection of the environment, safety at workplace and general health of human beings and animals.

Standards vs. Technical Regulations

Standards

Responsibility for production and publication of standards lies with recognized standards bodies

Technical Regulations

Responsibility for issuing technical regulations lies within government departments or regulatory agencies

Standards vs. Technical Regulations

Standards

Product standards may include design and construction requirements

Technical Regulations

Design or construction requirements of a product prescribed in a technical regulation hinders innovation which may affect companies or organization's competitiveness.

The Development Process of Technical Regulations

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- Regulatory Impact Analysis
- Consultation of affected and interested parties
- Finalization and Issuance

Regulatory Impact Analysis

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- **Results published** with regulatory **proposals and new legislation**
- **Describes** the issue that has given rise to a **need for regulation**
- **Compares** various **possible options** for dealing with that issue
- **Identifies** the **costs and benefits** of each option, and quantifies wherever possible
- **Organize public hearings** about regulation.

Consultation with Interested Parties

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- Involvement of experts
- Working groups
- Public hearings
- Fora
- Dissemination of drafts
- Use of internet



A closer look at the different instruments

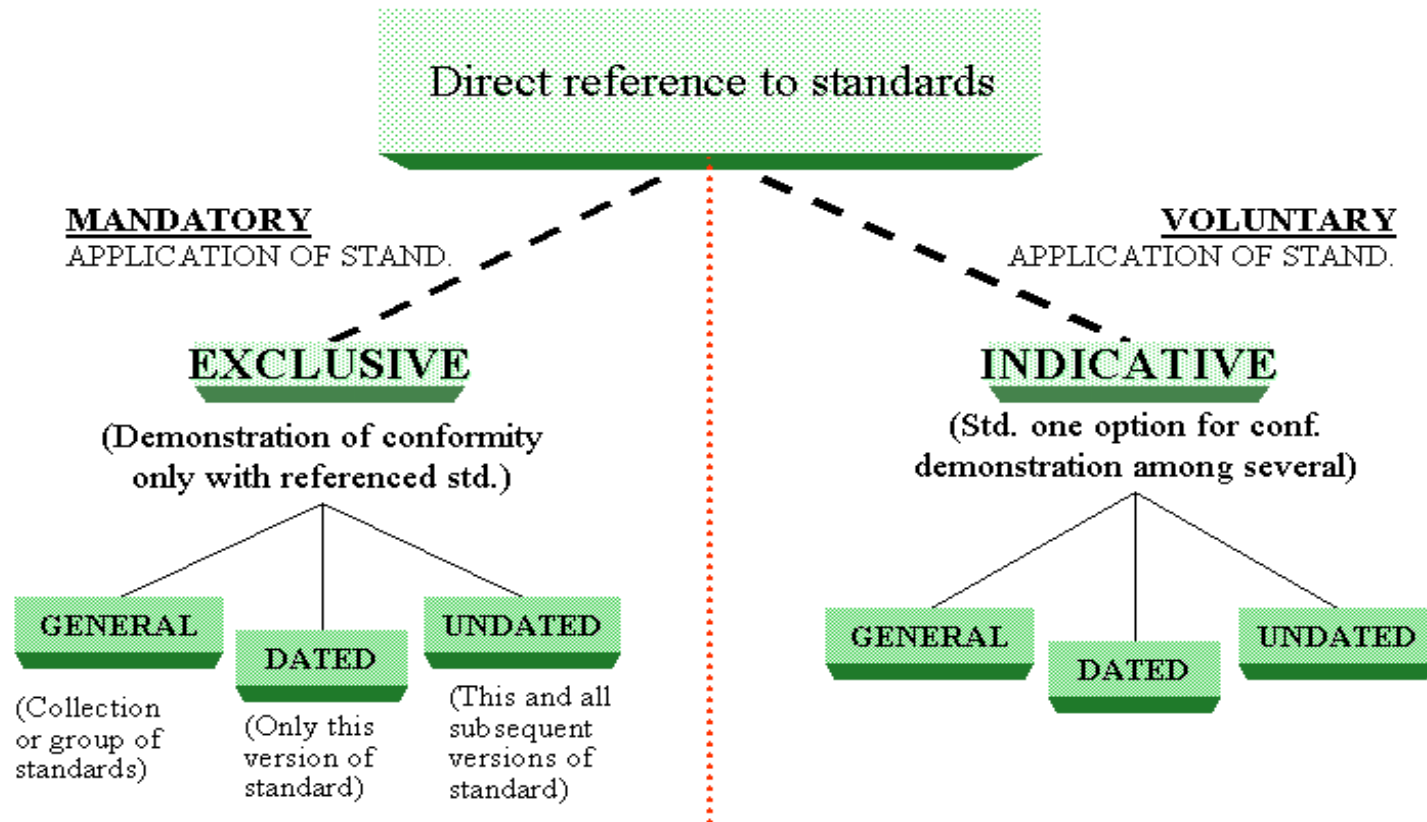
Reference to Standards in Legislation

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- Direct or indirect reference
- Exclusive or indicative reference
- General reference
- Dated or undated reference

Direct Reference to Standards

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Undated Reference to Standards

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Advantage

- Flexibility

Potential problems

- Unjustified delegation of competencies
- Imperfections in the standardization process

Good Regulatory Practice

- Regulate only where necessary
- Reduce regulatory burdens on all parties without sacrificing consumer protection
- Strive for regional and international harmonization.
- Consider available resources to enforce regulations effectively

Trends in Standards and Technical Regulations.

- National standardization activities replaced by regional and international solutions.
- National systems of compulsory standards has been transformed into a mixed system of voluntary and technical regulation
- Health, safety and protection of environment subject to generic laws and regulation.

LGUs Role in global competitiveness and consumer protection

- In 1991, RA 7160 or the Local Government Code was passed devolving to LGUs certain functions of national government agencies including enforcement of laws.
- The Code says that the decentralization should contribute to the continuing improvement of performance of LGUs and the quality of community life.

LGUs Role...

Questions

- Does more trade and robust business activities accelerate economic development thereby leading to improved quality of community life?
- Does strict but fair enforcement of laws, regulations and ordinances by LGUs also upgrade the quality of life in the community?

LGUs Role in Global Competitiveness and ...

1. LGUs should have an understanding of the difference between standards and technical regulations.
2. Conduct regulatory impact analysis
3. Regulate only when it is necessary to protect consumers and the environment.
4. Enforce laws, rules and regulations strictly but fairly

LGUs role...

Examples:

Are buildings under construction regularly checked by qualified inspectors so that only products compliant with standards are used?

Are water and electric meters installed in households checked by relevant authorities; gasoline pumps

- In procuring supplies and services, conformance to standards should be the first consideration before price.

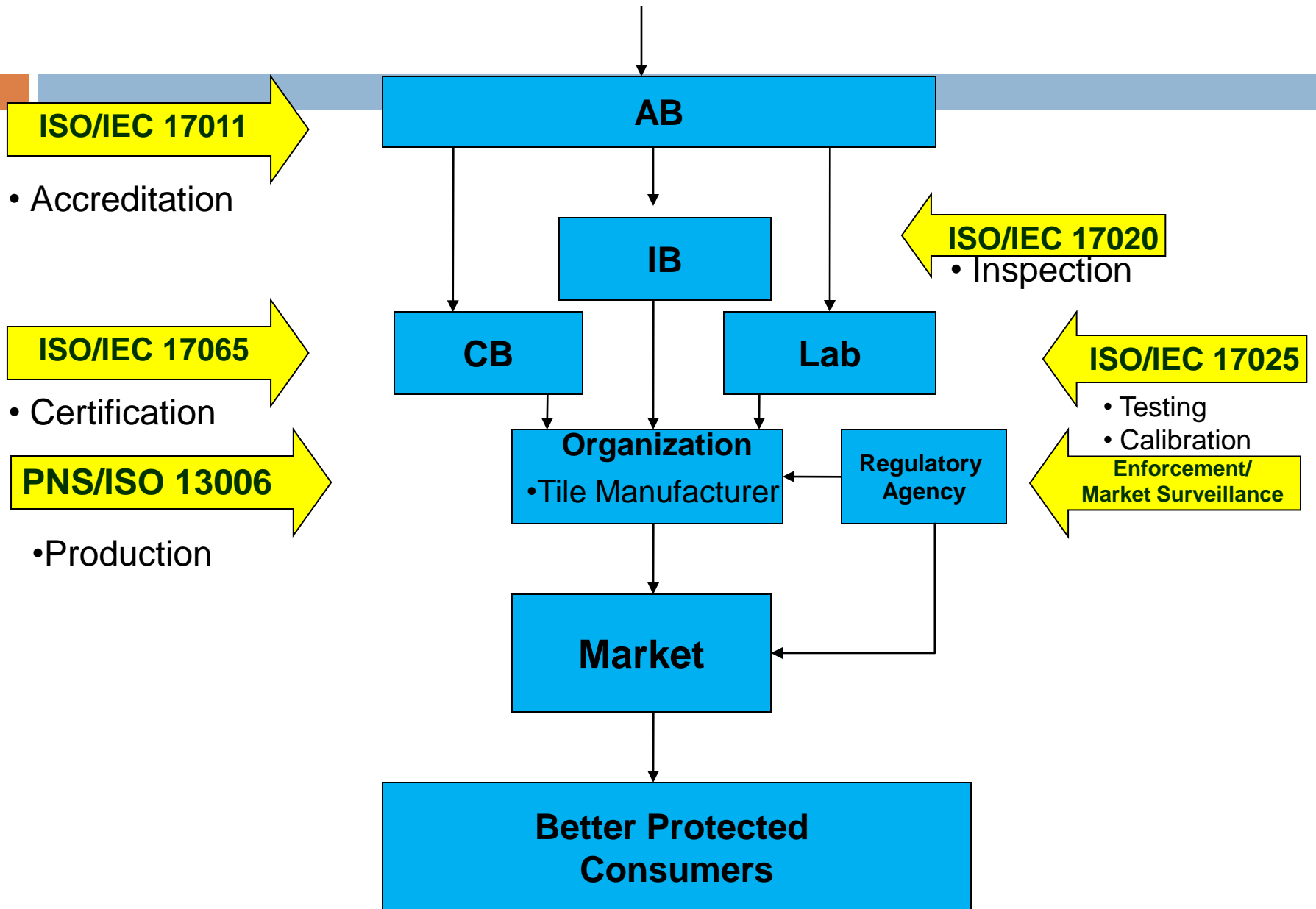
LGUs role...

5. In its enforcement activities where testing or certification is a requirement, LGUs should prefer the services of accredited bodies.
- 6 LGUs to develop programs for the community so that it becomes an exporter of goods and services to neighboring LGUs and maybe abroad
7. LGUs can conduct continuing education or needed trainings for its inhabitants to acquire marketable skills.

LGUs Role in Global Competitiveness and Consumer Protection

- Reduce the cost of doing business by providing efficient services

Efficient Use of Standards for Consumer Protection



Academe's Role in Global Competitiveness and Consumer Protection

- Participate in development/elaboration of standards
- Develop curricula that will incorporate subjects to develop quality consciousness in students.
- Consult industry for their inputs in curriculum development .
- Collaborate with industry through joint activities such as research and development, industrial trainings, consultancies, workshops and conferences

Academe's role in global compete..

- Academic institutions acquire and retain human resource to produce graduates that are needed by industry who will foster competitiveness.



Thank you for your Attention!

For more information
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