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**AGREEMENT ON TECHNICAL BARRIERS TO TRADE  
AND ITS IMPACT ON STANDARDIZATION  
AND RELATED MATTERS\***

**Prepared by  
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## **AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS**

*Presentation by Dr. Anwar El-Tawil  
Director, ISO Programme for Developing Countries  
at the Regional Seminar on Total Quality Management based on ISO 9000,  
Beirut, 17-19 January 1995*

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### **1. The momentous growth of international trade**

The conclusion of the Uruguay Round of Multilateral Trade Negotiations and the signing in April 1994 in Marrakesh of a number of important GATT Agreements comes as a logical conclusion to a long period of strong, nearly uninterrupted growth of international trade.

Indeed, since the period after World War II (1950) till the present the volume of international trade has multiplied 60 times: international trade has been growing at an average rate of more than 10 % a year ! For comparison, overall world production grew by an average 3,5 % a year only over the same period.

This momentous growth of the volume of international trade was accompanied by a number of important phenomena which are having a profound impact on the global economy. These phenomena are:

1. Globalization of markets
2. Increase in industrial integration through stronger specialization and more reliance on local and foreign subcontractors
3. Shorter product cycles
4. Reduction of low-technology inputs (materials, energy, unskilled labour, production)
5. Increased demand for higher quality of products and services
6. Accelerated growth in particular areas (e.g. IT and telecommunications)

The GATT Agreements were intended as a tool to facilitate the liberalization and globalization of markets by reaching international consensus and developing workable rules and procedures that could avoid or diffuse trade tensions and disputes. By signing and ratifying those Agreements the stability of the multilateral trading system, which is periodically threatened by trade tensions, will be more firmly established.

Among the important Agreements signed in Marrakesh are :

- the Agreement on Safeguards
- the Agreement on Subsidies and Countervailing Measures
- the Agreement on Agriculture
- the Agreement on Textiles and Clothing
- the Government Procurement Code (plurilateral)

- the General Agreement on Trade in Services (GATS)
- the Agreement on Trade-Related Investment Measures (TRIMs)
- the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)
- the Agreement on Technical Barriers to Trade (TBTs)

In addition, an Agreement establishing a World Trade Organization (WTO) to replace the GATT Secretariat has been signed by the ministers of trade in Marrakesh. This Agreement is strictly institutional and procedural so that the only trade rules and principles to be applied by WTO are those included in the annexed Agreements. The main objective of WTO in the initial stages will consist of ensuring full and faithful implementation of the Uruguay Round Agreements. Of course, further multilateral negotiations will begin later (1999-2000) in the framework of WTO.

## 2. Evolution of the Technical Barriers to Trade (TBT) Agreement

The new version of the TBT Agreement is, for all practical purposes, the same as the draft Agreement proposed in 1991. It takes into account the experience of the application of the first TBT Agreement adopted in 1979 in the framework of the Tokyo Round. The new version contains some changes in both structure and text compared with the 1979 version. For example, Article 14 – Consultation and Dispute Settlement has been reduced considerably through reference to the Dispute Settlement Understanding of GATT 1994. Two important additions in the 1994 version are :

- 1 – Annexe 3 – Code of Good Practice for the Preparation, Adoption and Application of Standards.
2. – The Decision by Ministers to recommend to WTO the establishment of WTO-ISO Standards Information System based on ISONET and the ISO/IEC Information Centre in Geneva.

## 3. Main elements of the TBT Agreement 1994

### 3.1 Role of International Standards

The main tenet of the TBT Agreement is the use of International Standards where possible as the basis for technical regulations adopted by the Members. Thus, Article 2.4 states:

*2.4 Where technical regulations are required and relevant international standards exist or their completion is imminent, Members shall use them . . . as a basis for their technical regulations . . .*

Article 2.5 further explains the logic behind this obligation to use international standards as the basis for regulation when it states that

*2.5 ... Whenever a technical regulation is prepared, adopted or applied ..., and is in accordance with international standards, it shall be.....presumed not to create an unnecessary obstacle to international trade.*

In line with the argument in these two paragraphs Article 2.6 affirms that

*... Members shall play a full part, within the limits of their resources, in the preparation by appropriate international standardizing bodies of international standards for products for which they... adopt technical regulations.*

### 3.2 Transparency and notification / information

The TBT Agreement devotes a lot of attention to transparency of the process of technical regulation and early notification of any changes in standards and technical regulations to allow trade partners to comment on the changes as well as to adapt their products to the new requirements.

Thus, in the cases where there is no international standard or a proposed technical regulation is not in accordance with international standards, Article 2.9 stipulates that

*Members shall*

- publish a notice at an early appropriate stage... to enable interested parties in other members to become acquainted with it*
- notify other Members through the Secretariat of the products to be covered... together with a brief indication of its objective and rationale ... at an early stage when amendments can be introduced*
- Upon request provide... copies of the proposed technical regulation*

Moreover Article 2.12 stipulates that

- Except in ... urgent circumstances..., Members shall allow a reasonable interval between the publication of technical regulations and their entry into force in order to allow time for producers in exporting members, and particularly in developing countries, to adapt their products or methods to the requirements of the importing Member*

To ensure that the necessary information on standards and technical regulations is available to trade partners in Member countries the TBT Agreement stipulates the establishment in each Member of an *enquiry point* to answer enquiries from other Members and to provide information and documents related to

- technical regulations (adopted or proposed)
- standards (adopted or proposed)
- conformity assessment procedures (in force or proposed)
- membership in international and regional standardizing bodies and conformity assessment systems
- location of notices
- location of enquiry points.

Moreover, Article 10.6 requires the Secretariat to circulate the notifications it receives to all Members and interested international standardizing and conformity assessment bodies. This circulation of notifications is actually taking place.

### 3.3 Conformity assessment

In recognition of the fact that conformity assessment procedures can by themselves represent a technical barrier to trade, the TBT Agreement contains a number of articles devoted to conformity with technical regulations and standards.

The main provisions of these articles are meant to ensure that

- conformity assessment procedures ensure no less favorable conditions to exporters than to local producers
- conformity assessment procedures are expeditious and that the standard processing period is published or communicated to applicants and that the conformity assessment body promptly examines the completeness of the documentation and informs the applicant of all deficiencies at once.

Further, Article 9 encourages Members

*wherever practicable, (to) formulate and adopt international systems for conformity assessment and become members thereof ...*

### 3.4 Assistance to developing countries

Article 11 of the TBT Agreement is devoted to providing advice and technical assistance to developing country Members of the Agreement.

Thus, Article 11, paragraph 11.1 through 11.7 stipulate that advice and technical assistance shall be given to developing country members (*on request and on mutually agreed terms and conditions*) regarding the following:

- preparation of technical regulations
- establishment of national standardizing bodies and participation in international standardization
- establishment of conformity assessment bodies
- advice on steps which their producers should take to obtain access to conformity assessment systems in the country receiving the request
- participation in international and regional systems for conformity assessment and establishment of national bodies that would enable the developing country to participate in them.

It can be seen that the proposed fields of advice and technical assistance embrace a wide range of activities which play an important role in promoting trade capabilities of developing countries. However, the implementation in practice of this Article has been very limited, possibly, due to the ambiguity of the formula *on request and on mutually agreed terms and conditions*. ISO/DEVCO is currently investigating with GATT/TBT Division the possibility of cooperation in a more substantial implementation of this Article.

### 3.5 Code of Good Practice

Annex 3 to the TBT Agreement consists of a Code of Good Practice for the Preparation, Adoption and Application of Standards. This Code sets out a number of principles on which standardization work should be based. The main principles are

1. Equal treatment to foreign and local products
2. Standards should not create unnecessary obstacles to trade
3. International standards should be the basis of national standards
4. Active participation in international standardization
5. Avoidance of duplication of work between national, regional and international standardization

6. Standard requirements should be based on performance rather than design
7. Transparency of standardization programmes (titles and development stage)
8. Membership of ISONET
9. Sufficient time for notification and comment by other members
10. provision of work programmes and standard texts with equal treatment for domestic and foreign parties.

#### **4. Impacts of the TBT Agreement 1994 on standardization and related matters in developing countries.**

The signing of the WTO and annexed Agreements ushers in a new phase of the international trade system characterized by further trade liberalization, more clarity in trade rules and more discipline in their application.

On the other hand, the TBT Agreement 1994 already covers many important aspects that have a direct impact on the export capabilities of developing countries.

Indeed, developing countries, who accepted substantial tariff concessions under the GATT, should now do their utmost to benefit from trade liberalization in all sectors. Judicious implementation of the TBT Agreement, which has been converted to a multilateral Agreement binding to all WTO members, could mean the strengthening of the standardization infrastructure in developing country members of the WTO, especially, in areas such as standardization, standards information and conformity assessment including testing. This strengthening can only promote export capabilities and economic development of the countries concerned.







**AGREEMENT ON TECHNICAL BARRIERS TO  
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AND RELATED MATTERS**

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by

**Dr. Anwar El-Tawil**

**Director**

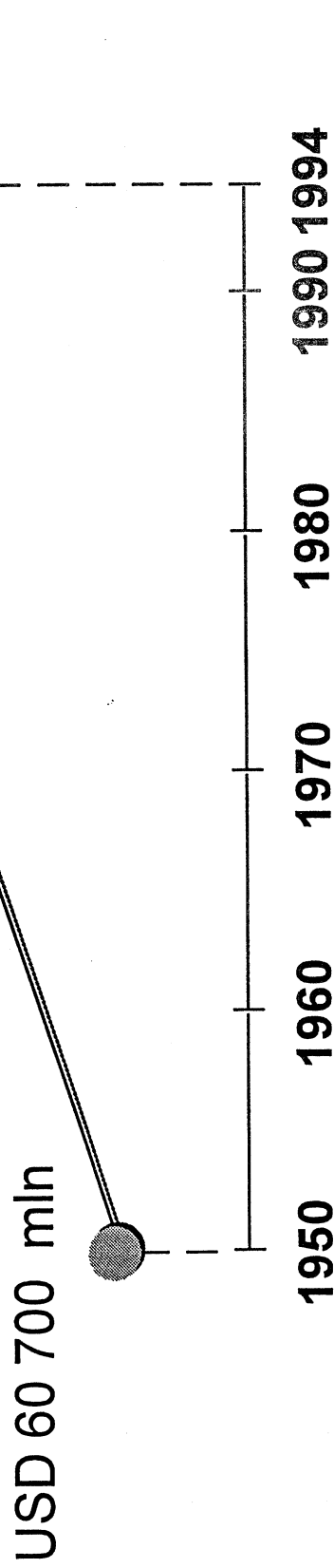
**ISO Programme for Developing Countries**



# AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS

## The Momentous Growth of International Trade

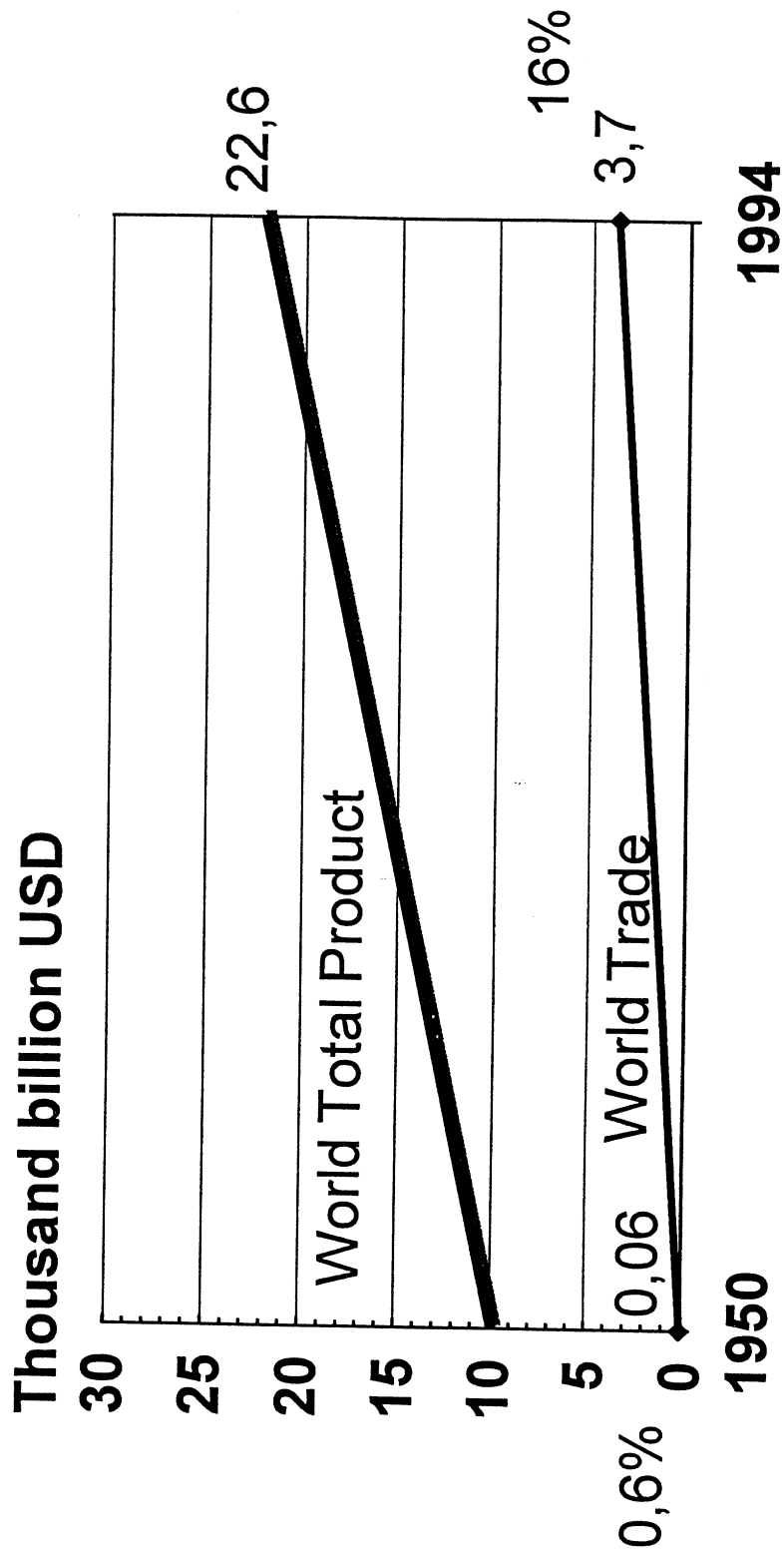
Sixty-fold increase in the  
volume of International  
Trade from 1950 to 1994 !





# AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS

## Growth of World Trade and World Total Product





# **AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS**

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## **Global Economic Trends Related To Trade (1)**

1. Globalization of markets
2. Industrial Integration  
(specialization, more reliance on subcontractors)
3. Shorter Product Cycles



## **AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS**

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### **Global Economic Trends Related To Trade (2)**

4. Reduction of low-technology inputs  
(materials, energy, unskilled labour, production)
5. Demand for higher quality
6. Accelerated growth in particular areas  
(IT, Telecommunications)



## **AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS**

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### **General Agreement on Tariffs and Trade (GATT)**

- GATT 1947
- Tokyo Round 1979  
(including first TBT Agreement)
- Uruguay Round 1994
- World Trade Organization 1995



# **AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS**

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## **Main GATT Agreements Signed in Marrakesh (1)**

1. Agreement on Agriculture
2. Agreement on Textiles and Clothing
3. Agreement on Safeguards
4. Agreement on Subsidies and Countervailing Measures
5. Government Procurement Code (Plurilateral)



**AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS  
IMPACT ON STANDARDIZATION AND RELATED MATTERS**

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**Main GATT Agreements Signed in Marrakesh (2)**

6. General Agreement on Trade in services  
(GATS)
7. Agreement on Trade-Related Investment  
Measures (TRIMs)
8. Agreement on Trade-Related Aspects of  
Intellectual Property Rights (TRIPs)
9. Agreement on Technical Barriers to Trade  
(TBTs)

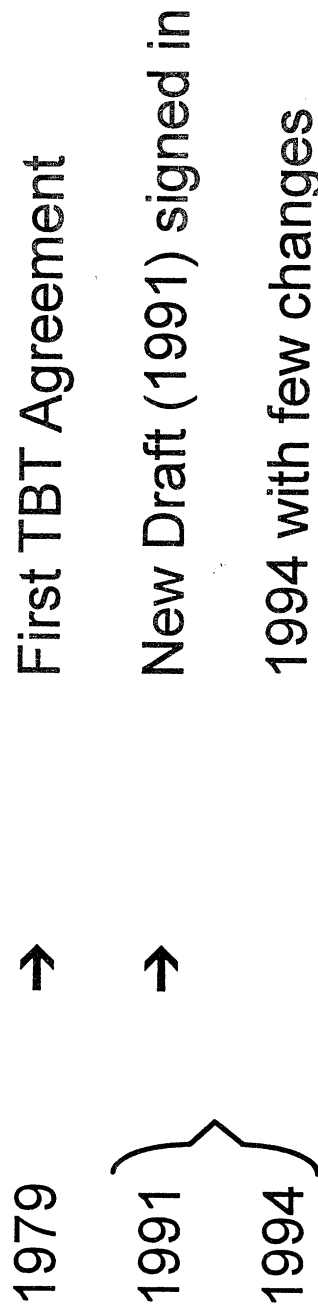




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## **Evolution of TBT Agreement**



## **Important additions in TBT Agreement 1994**

1. Code of Good Practice for Standards (Annex 3)
2. Recommendation to establish  
WTO-ISO Standards Information System



# AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS

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## Main Elements of TBT Agreement 1994 (1)

### 1. Role of International Standards

2.4 *Where technical regulations are required and relevant International Standards exist ..., Members shall use them ... as a basis for technical regulations ...*



# AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS

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## Main Elements of TBT Agreement 1994 (2)

### 1. Role of International Standards (contd)

2.6 ... *Members shall play a full part, within the limits of their resources, in the preparation by appropriate International Standardizing bodies of International Standards for products for which they ... adopt technical regulations*



# AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS

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## Main Elements of TBT Agreement 1994 (3)

### 2. Transparency, notification/information

- 2.9 ... Members (preparing technical regulations not in line with International Standards) shall
- *publish a notice at an early appropriate stage ... to enable interested parties in other Members to be acquainted with it*
  - *notify other members through the Secretariat of products to be covered together with a brief indication of objective and rationale ... at early stage when amendments can be introduced*
  - *upon request provide ... copies of the proposed technical regulation*



# AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS

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## Main Elements of TBT Agreement 1994 (4)

### 2. Transparency, notification/information (contd)

2.12 *Except in ... urgent circumstances ...;*

*Members shall allow a reasonable interval between the publication of technical regulations and their entry into force to allow ... producers ..., particularly in developing countries, to adapt their products ...*



# AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS

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## Main Elements of TBT Agreement 1994 (5)

### 3. Transparency – GATT Enquiry Points

- 10.1 *Each Member shall ensure that an Enquiry Point exists ... to answer questions ... and provide documents regarding*
- technical regulations (adopted or proposed)*
  - standards (adopted or proposed)*
  - conformity assessment procedures (in force or proposed)*
  - membership in International and Regional Standards bodies and conformity assessment systems*



# AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS

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## Main Elements of TBT Agreement 1994 (6)

### 4. Conformity Assessment (CA) (Article 5)

- *CA procedures → same conditions for imports as local products*
- *CA procedures should be expeditious:*
  - *processing period should be published or communicated*
  - *CA body promptly examines documents and informs applicant of all deficiencies at once*

#### Article 9

Members shall, wherever practicable, formulate and adopt international systems for conformity assessment



# **AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS**

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## **Main Elements of TBT Agreement 1994 (7)**

### **5. Assistance to developing countries (Article 11)**

*Members shall, if requested, ... grant assistance on mutually agreed terms and conditions in*

- preparation of technical regulations*
- establishment of national standards bodies*
- participation in international standardization*
- establishment of conformity assessment (CA) bodies*
- steps for producers to obtain access to conformity assessment*
- participation in international CA systems*





# AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS

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## Main Elements of TBT Agreement 1994 (8)

### 6. Code of Good Practice for Standards

#### Main principles

1. *Equal treatment to foreign and local products*
2. *Standards should not create unnecessary obstacles to trade*
3. *National Standards should be based on international*
4. *Active participation in international standardization*
5. *Avoidance of duplication between national, regional and international standardization work*



## **AGREEMENT ON TECHNICAL BARRIERS TO TRADE AND ITS IMPACT ON STANDARDIZATION AND RELATED MATTERS**

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### **Main Elements of TBT Agreement 1994 (8)**

#### **6. Code of Good Practice for Standards (contd)**

##### **Main principles**

- 6. Requirements based on performance not design*
- 7. Transparency of programmes (titles and stage)*
- 8. Membership of ISONET*
- 9. Sufficient time for notification and comment by other members*
- 10. Provision of standards programmes & texts with equal treatment for domestic and foreign parties*