

A Developing Nation:
Why Standardization Matters

Written by:

Baboucarr Cham

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A Developing Nation: Why Standardization Matters

Introduction

Many do not realize the important role standards play in our day to day lives. “Standards generally go unnoticed. They are mostly quiet, unseen forces, such as specifications, regulations and protocols, which ensure that things work properly, interactively, and responsibly. How standards come about is a mystery to most people should they even ponder the question.”^[1] The importance of standards cannot be over emphasized; they play an integral role in the global market by allowing all nations to form a unified consensus in a variety of industries such as technology, trade and safety & health. A standard is the foundation to every company, industry, government, and nation; standards dictate how our economies, businesses, and markets perform and compete against one another.

Developed nations have Standards Developing Organizations (SDOs), accredited agencies, national standard bodies and governments to create and enforce standards. Developing nations do not have such infrastructure, organization, technology, skill or funding to create its own standards thus obstructing competition in the international market.

What impact do standards have on a developing nation? How do standards play a role in that nation’s economy? How does a nation without its own standards trade with other developed nations?

This paper will examine a developing nation, The Gambia, while highlighting how a tiny country located in West Africa implements and enforces various local and international industry standards. This paper will examine what standards are in place; where and how they were created, the people and government's attitude and understanding towards standards, and the impact of such standards on The Gambia's economy.

What is a standard?

“An agreed upon way of doing something; a set of rules, requirements, or process agreed upon between interested parties. Standards come in various forms: best practices, guidelines, specifications, recommendations, codes, laws, and regulation.”^[2]

Standards affect our daily lives and govern what we consume; food and drugs must comply with the established health standards; the cars we drive must conform to automotive standards; and even our clothes come in standardized sizes. Consequently, most everything we do is attributed to a standard. Standards support compatibility and drive down costs through use of common parts, specifications and methods. They can also help open markets, create new industries and advance the potential of new technologies.

Ultimately the goal of every industry, company, manufacturer, and exporter is to provide a commodity or service which would be consumed and accepted unanimously in the global market. Today’s products are built with components sourced from around the world, which must conjoin seamlessly and perform as expected. For instance, when manufacturing an aircraft; different components are manufactured in different countries and are expected to function as designed once assembled. The established standards by the international aircraft industry, allow such a complex process to occur. Standards dictate world trade. Before nations can exchange goods and services, they must meet trade guidelines set forth by the World Trade Organization (WTO). One of such standards is called the Technical Barriers to Trade (TBT). “The TBT Agreement is an international treaty of the World Trade Organization. It was negotiated during the

Uruguay Round of the General Agreement on Tariffs and Trade, and entered into force with the establishment of the WTO at the beginning of 1995. The objective of the TBT Agreement is to ensure that technical negotiations and standards, as well as testing and certification procedures, do not create unnecessary obstacles to trade."^[3]

There are three other renowned international standard bodies that are responsible for overseeing standards globally. The International Organization for Standardization (*Organisation internationale de normalisation*), (ISO) is an international-standard-setting body composed of representatives from various countries national standards organizations. Founded on February 23, 1947, the ISO promulgates world-wide proprietary industrial and commercial standards.

The International Electrotechnical Commission (IEC) is a not-for-profit, non-governmental international standards organization that prepares and publishes international standards for all electrical, electronic and related technologies – collectively known as electrotechnology. IEC standards cover a vast range of technologies from power generation, transmission and distribution to home appliances and office equipment, semiconductors, fiber optics, batteries, solar energy, nanotechnology and marine energy as well as many others.

The International Telecommunication Union (ITU) is an international organization established to standardize and regulate international radio and telecommunications. It was founded as the *International Telegraph Union* in Paris on May 17, 1865. The main tasks of the ITU include standardization, allocation of the radio spectrum, and organizing

interconnection arrangements between different countries to allow international phone calls.

With such organizations and infrastructure available to all nations world wide, how does a developing nation compete in such a dynamic and progressive global market?

Overview of The Gambia's Trade History

The Gambia is blessed with a long and glorious tradition of trade. It is strategically situated at the African end of the Atlantic Trade Triangle, a trade route dating back into centuries between Africa, Europe and America. It is the nearest harbor on the African continent to the two overseas markets and its geographical features make it the natural entry port into Africa. As early as the 16th century when Portuguese explorers - then masters of international trade-first discovered the land, its people and various attractions, they were apparently convinced of its trade capabilities. To the Portuguese, The Gambia provided excellent access to the market hinterland and its features were just the right mix for trade and commerce. Almost three centuries later, those same strategic considerations caused British administrators to offer the French any price for control of the land. The River Gambia, one of the world's most navigable, provides easy and unhindered access into the hinterland of West Africa.

With such an advantage, The Gambia should be a major player and contributor to trade, import and export internationally and with Africa. However, this is not the case. "The Gambia has no important mineral or other natural resources, and has a limited agricultural base. About 75% of the population depends on crops and livestock for its livelihood. Small-scale manufacturing activity features the processing of peanuts, fish,

and cattle. Re-export trade normally constitutes a major segment of economic activity, but the 50% devaluation of the CFA franc in January 1994 made Senegalese goods more competitive and hurt the re-export trade.”^[4] Short-run economic progress remains highly dependent on sustained bilateral and multilateral aid and on responsible government economic management as forwarded by International Monetary Fund (IMF) technical help and advice. “Agriculture accounts for 23% of gross domestic product (GDP) and employs 75% of the labor force. Within agriculture, peanut production accounts for 5.3% of GDP, other crops 8.3%, livestock 4.4%, fishing 1.8%, and forestry 0.5%. Industry accounts for 12% of GDP and forestry 0.5%. Manufacturing accounts for 6% of GDP. The limited amount of manufacturing is primarily agriculturally based (e.g., peanut processing, bakeries, a brewery, etc). Other manufacturing activities include soap, soft drinks, and clothing. Other services such as tourism account for 19% of GDP.”^[5]

“According to the World Trade Organization (WTO), the United Kingdom and other European Union countries were The Gambia's major domestic export markets, accounting for 67% in total; followed by Asia at 14%; and the African sub region, including Senegal, Guinea-Bissau, and Ghana at 8%. The U.K. and the other EU countries--namely, Germany, France, Netherlands, and Belgium--were the major source of imports accounting for 60% of the total share of imports followed by Asia at 18%, and Cote d'Ivoire and other African countries at 8%. The Gambia reports 11% of its exports going to and 14% of its imports coming from the United States.”^[6]

The Gambia’s agricultural products constitute peanuts, pearl millet, sorghum, rice, maize, cassava (tapioca), palm kernels; cattle, sheep, goats; forest and fishery

resources not fully exploited. The countries total exports for 2006 was estimated at \$132 million dollars; commodities exported were peanuts and peanut products, fish, cotton lint, palm kernels and exported to Japan, United Kingdom, Hong Kong, France, Spain. The Gambia imported a total of \$201 million worth of products: foodstuffs, manufacturing, fuel, machinery and transport equipment from Hong Kong, United Kingdom, Netherlands, Côte d'Ivoire, France, Senegal, Belgium. It is obvious that a country like The Gambia is very dependent on imports from other nations to sustain its economy; the net difference between imports and exports is a \$69 million deficit.

A review of the information presented above, prompts the question: is The Gambia competitive with neighboring countries and international markets? With the globalization of markets, the increased mobility of corporate assets, and the need for productive human resources, this question has become all the more complex to answer. The answer lies in standards, codes, regulations and specifications. The Gambia has to realize the importance and impact standards have on a country's economy.

The Importance of Standards

Today's world economy creates an environment where standards compliance is not an option — it is a requirement. The United States Department of Commerce estimates that standards issues impact 80% of world commodity trade.^[7] Most standards remain voluntary; companies need to provide customers and regulators with a yardstick to measure everything from quality to hazardous material usage to physical characteristics such as size and weight, and material properties such as hardness and temperature resistance. Standards and specifications provide all involved parties with the

same yardstick. The dilemma The Gambia is facing presently is related to the magnitude of products being imported into the country by consumers. As stated above the country imports a total of \$201 million worth of products ranging from electronics, fuel, machinery, and transport equipment from Hong Kong, United Kingdom, Netherlands, Côte d'Ivoire, France, Senegal, Belgium, and other countries. These countries develop standards and specifications with hundreds of thousands of standards in publication. The Gambian consumers use products based on these different standards from different nations. The result from the lack of oversight and management is chaotic at best and dangerous at its worst. For example, electrical sockets (outlets) are based on "Type G" British BS-1363 220-240 Volts AC (frequency 50 Hz G) which accept the 3 pin rectangular blade plug. However, The Gambia has experienced a significant influx of imported electronics from the United States which utilizes a 2 pin and 110-120 Volts AC system. This issue has created a major problem; products from Europe cannot be interfaced with products from the United States, creating a hazard due to the variation in voltage and a safety liability. In addition, this sovereign nation does not have a system or infrastructure in place to address and regulate this problem. The Gambia cannot restrict the import of American electronics because it will gravely impact the country's economy; this example exemplifies the importance of standards for a nation.

On May 24, 2007, The Gambia's Department of State for Trade, Industry and Employment reported that groundnuts being produced in The Gambia have been banned from the international market due to the presence of aflatoxin. Aflatoxin is a harmful substance that affects the liver and causes liver cancer known as Hepatitis B. The report avowed that there was no standard processing for groundnuts from the field to the store

and the mixing of late and early varieties of groundnuts by cultivators. With no standard in place, the processing resulted in contaminated ripe groundnuts with unripe groundnuts which were moist, and later become moldy thus attracting aflatoxin. The impact of such a ban is detrimental to the nation's economy; groundnuts are The Gambia's premier cash crop accounting for 60% of the country export.^[8] With the proper standards in place and implemented, this cataclysm could have been avoided; The Gambia will be monitored very closely by its trading partners in Africa, Europe & Asia. To remedy this problem, The Gambia has to adopt two broad categories of standards – product and process standards. According to John Wilson of the World Bank, “Product standards define quality, safety, authenticity, etc. that goods should possess (e.g., minimum nutrition content of a food item, maximum pesticide residues on an agricultural product. Process standards refer to the conditions under which products are produced, packaged or refined. Examples include the use (or absence of use) of particular inputs into crop or livestock production, the technical processes used for fishing, traceability requirements required for meat, and some horticulture products, and the work conditions of laborers. These process and product standards provide the premise for various categories of standards including rules that define labor, food, health and environmental standards.”^[9] The Gambia has to restructure its groundnut industry to conform to the standards of developed nations as consumers are demanding more information about products, chemical content in foods, and production processes. Is The Gambia ready to compete on the global stage? What are the benefits of standardization for this tiny African nation?

How Developing Countries Benefit from Standardization

As a humanitarian effort, donating fish is one way of assisting developing countries. By implementing international standards and participating in their development, such countries learn how to fish for themselves.

“Developing countries generally have scarce resources. Therefore, the need to invest them wisely is more acute than in stronger economies because there is no cushion for absorbing mistakes. Making the wrong choice may have serious economic or social consequences such as: an imported technology turns out to be unsuitable for local conditions and drains the investment in an industrial development program, an effort to export local products comes to nothing because they do not meet regulations or consumer criteria on foreign markets, precious foreign currency is wasted on importing over-sophisticated health care products because technical criteria for evaluating the market offerings are not available locally, etc.”^[10]

“The International Standards developed by ISO offer developing countries practical solutions to such problems because they represent a reservoir of technological know-how and of product, performance, quality, safety and environmental specifications. These standards were developed through an international consensus on the products specifications and performance expectations. Implementing ISO standards brings advantages such as the following to developing countries: avoiding the waste of resources, transferring state-of-the-art technological

know-how, supplying criteria for making reasoned choices when evaluating foreign market offerings, safeguarding public health and safety by establishing a base of requirements for application to local or imported products in these regulated areas, providing internationally accepted specifications that can be applied to the development, manufacturing and marketing of local goods and services, thus raising the country's ability to compete in export markets worldwide.”^[11]

By actually participating in the development of International Standards, developing countries can realize other benefits, such as the opportunity to: acquire technological know-how directly, influence the technical content of standards important to their economy and gain hands-on experience in standardization work that can be put to use in building up their own national infrastructures

Standards and regulations can, therefore, improve quality of life, create shared consumption benefits for the public, and solve common product and quality problems. Well-defined standards can facilitate trade by reducing transaction and other costs (including costs of information about the quality of goods or services and associated risks), and to improve connections among firms across industries.

Standardization Challenges Faced by Developing Nations

Sustainable development is not an objective that a country can pursue in isolation. The importance of raising awareness about standards and impact the lack of such standards has on the economy while advancing the rate and manner in which standards are implemented within developing countries is very challenging for some of these

nations. This paper will highlight and discuss some of the challenges a country like The Gambia faces in reference to standardization.

Consumer preference is the biggest challenge developing nations have to overcome – “the difference in demand for quality among consumers in African countries and those of their trading partners in developed countries (Europe, United States, etc.) is astronomical. Demand for product quality appears to be generally lower in African countries, and firms and farmers do not perceive quality issues as critical to domestic sales.”^[12] There are numerous reasons for this: poverty forces local consumers to tolerate lower-quality products, the lack of consumer awareness about food safety and quality, absence of strong consumer organization that pressures retailers and producers to provide higher quality goods, etc.

Another difficulty faced by exporters in The Gambia is the complexity of market structures, industry size and distribution systems. For instance, “local markets rarely demand the use of traceability systems and relying more on local brand names and reputation of peddlers – which is not the case for non-local consumers.”^[13] National regulations are considerably “softer” than international regulations; thus local producers develop production systems that only meet these lower standards. These low standards make it difficult for producers to expand their market reach from local to international, as stricter international standards must be met if they choose to export.

The Gambia’s participation in the formation of national and global standards, codes, or regulations has been ineffective and non-existent due to low political priority, inadequate government participation and poor private sector representation. “Standards development agencies and organizations offer few mechanisms to collect input from local

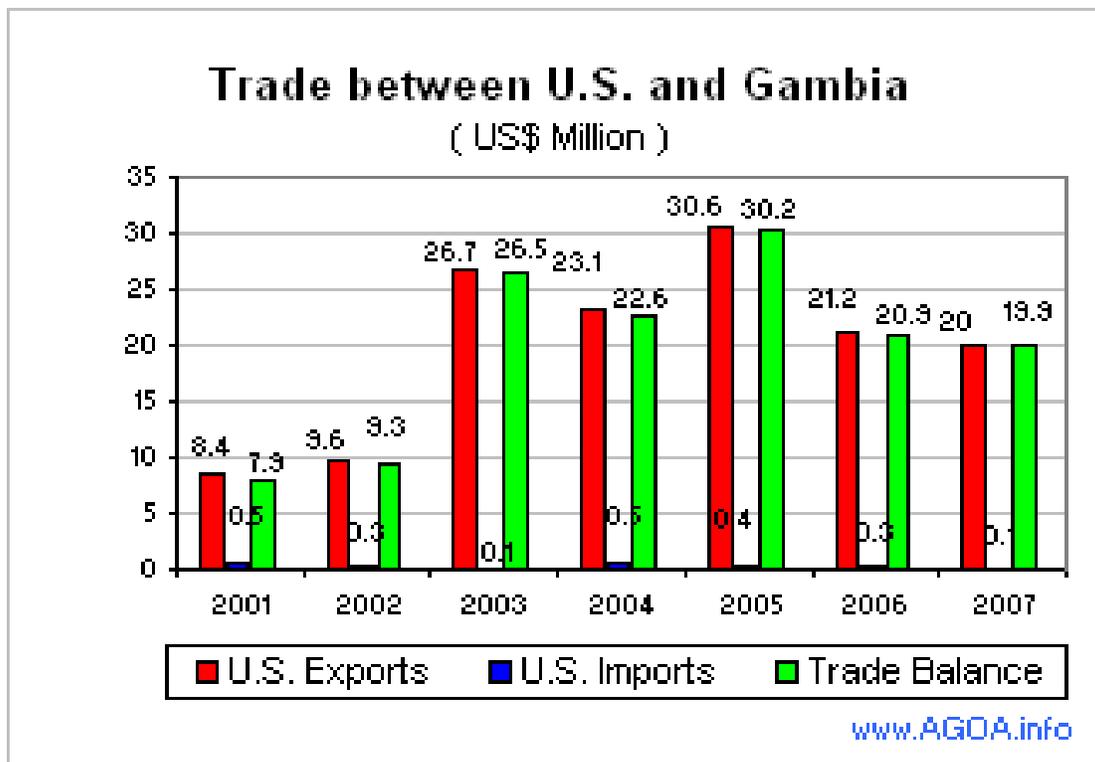
African producers in the development of codes of practice. As a result, many domestic producers surveyed in this volume are standards-takers (forced to accept and try to meet international standards), reacting to ever changing standards that do not accommodate unique constraints pre-existing in the local environments.”^[14] While access to information about global industry standards does not appear to be a problem for developed nations, the same cannot be said for developing countries like The Gambia. The Gambia has limited resources to invest in modern information systems, government agencies and other services that provide assistance in standards development. Moreover, many resources within The Gambia often lack the necessary qualified staff, financial capital, and equipment to assist on regular basis. “Compliance to international standards is also demanding a shift from manual and low skilled labor practices in agriculture and light manufacturing to more sophisticated best practices comparable to those found in developed countries. For example, African farmers are now required to invest in Integrated Crop Management (ICM) practices and Euro Retailers Produce Working Group Good Agricultural Practice (EUREGAP) principles, Hazard Analysis of Critical Control Point (HACCP) protocols, and standards that require better enterprise-wide supply management techniques, record systems, and equipment, including detailed labeling and traceability systems.”^[15]

As illustrated, The Gambia and other developing countries face a multitude of problems when trying to assimilate into the global market due to poor infrastructure, lack of government representation and ignorance to the importance and impact of standards on a nation’s economy. However there is hope; developed countries like the United States, European Union members and international standard bodies comprehend the importance

of including developing nations in the world market; and are working with countries like The Gambia to educate and offer incentives to meet acceptable standards or best practices globally.

Standardization Initiatives from Organizations and Developed Nation

The pursuit of better access to foreign markets is critical for The Gambia's economy; it plays a crucial role in the countries development strategy. The Gambia needs to take advantage of initiatives being offered by international organizations and developed nations such as U.S. African Growth and Opportunity Act (AGOA), the EU's Everything but Arms initiative, Standards and Trade Development Facility (STDF) etc. The AGOA expanded market access for textile and apparel goods into the United States for eligible countries. This resulted in the growth of an apparel industry in southern Africa, and created hundreds of thousands of jobs.



Everything But Arms (EBA) is an initiative of the European Union under which all imports to the EU from the Least Developed Countries are duty free and quota free, with the exception of armaments. Standard and Trade Development Facility aims to assist developing countries enhance their expertise and capacity to analyze and to implement international sanitary and phytosanitary (SPS) standards, improving their human, animal and plant health overall, and thus their ability to gain and maintain market access. The International Organization of Standardization (ISO) is the world's largest developer of standards and has expanded its scope to a broader variety of areas of service, management practices and conformity assessments. All these programs and incentives are made available to developing nations, like The Gambia, who striving for socio-economic growth. With that, The Gambia is tasked with the responsibility to embrace the help and educate its citizens on the endless benefits and possibilities therein.

In 2004, ISO council endorsed the ISO Action Plan for Developing Countries 2005-2010, which represents the implementation, for developing countries, of the ISO Strategic Plan 2005-2010 that outlines the global vision for the organization. "The Action Plan set the following five objectives:

- Improve awareness of key stakeholders in developing countries for the role of standardization in economic growth, world trade and sustainable development.
- Building capacity of ISO members and stakeholders involved in developing the standardization infrastructure and participation in international standardization work.

- Increase national and regional cooperation to share experience, resources, training, information and communications technologies.
- Develop electronic communication and expertise in IT tools to participate in international standardization work, reach out to stakeholders and make efficient use of ISO e-services.
- Increase participation in governance and technical work of ISO to voice priorities, contribute and influence the technical content of ISO deliverables.”^[16]

Recommendation to Address the Standardization Problem

First and foremost, the government and policy makers needs to get educated and sensitized to the importance of standards and the impact it has on the nation’s economy. “Standards contribute to making the development, manufacturing and supply of products and services safer, more efficient and environment friendly.”^[17] Standards are applicable throughout business - generally, standards address safety, business practices, or technical topics and specifications. Standards offer benefits and improvements to businesses and projects at all stages from concept and design through manufacture, sales, and installation or construction.

The Gambia needs to be more active and take advantage of the incentive programs being offered by the United States, European Union members, ISO, etc. This research revealed that The Gambia is not a member of any international standards body (ISO, IEC, ASTM International, ITU), it is only a member of The World Trade Organization. That one membership alone is not sufficient; The Gambia must be aggressive when it comes to standards because they are the basis of every strong

economy throughout the world. The government needs to establish a national standards body whose main responsibility is to ensure that The Gambia is well informed about all local, regional and international standards. This national standards body will also be responsible for educating local producers and service providers about the importance of conformity and how much an impact such uniform practices could have on their business and the nation as a whole.

Policy makers must acknowledge and understand that if The Gambia wants to be competitive and successful, it must introduce legislation making standards the norm for the business industry; as well as implementing and executing penalties for those who violate them. It is imperative that The Gambian government and its people embrace standardization and understand that it is essential for this small west African nation whose harbor is the nearest on the African continent to the two overseas markets; with geographical features that render it the natural entry port into Africa. With such an advantage, The Gambia must capitalize on this distinctive attribute in order to transform a nation of 1.5 million people into a formidable player in the world economy.

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