

## Setting the Regional Standards in South Asia and SARSO

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**Abstract:** *A big step towards overcoming the prolonged complexity of Non-Tariff Measures (NTMs) in South Asia is the setting up of the South Asian Regional Standards Organisation (SARSO) under the umbrella of the South Asian Association for Regional Cooperation (SAARC). The regional body, based in Dhaka, went into operation in 2015. The main objective of the SARSO is to facilitate coordination and cooperation among SAARC member countries in the fields of standardisation and develop a set of harmonised regional standards. Such standards will not only help reduce the Non-Tariff Barriers (NTBs) to regional trade but also enhance global trade of the region. In the global stage, developing countries will come under more pressure from developed countries to comply with stringent standards while exporting to their markets. The regional standards can help to a great extent in dealing with such challenges. Like any other initiative, the SARSO is also facing many challenges and progressing slowly. This paper argues that all the SAARC member countries need to cooperate with each other for operating the SARSO effectively so that they can deal with the increasing global pressure.*

### I. Introduction

The low level of intra-regional trade in South Asia is a one of the most discussed topics in the region and also considered one of the major drawbacks to progression of the South Asian Association for Regional Cooperation (SAARC). While the intra-ASEAN trade was 25 per cent of the total external trade in 2015, the ratio was 5.61 per cent in the SAARC bloc. In fact, the value of intra-regional trade in SAARC declined to US\$ 46.51 billion in 2015 from US\$ 49.35 billion in

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2014, (ITC Trade Map; August, 2016). Though the SAARC countries agreed to reduce tariffs to the zero level by establishing South Asian Free Trade Area (SAFTA) by 2016, they failed to meet the deadline on dismantling this barrier.

Again, elimination of tariff is taking place gradually as a major process of global trade liberalisation and South Asia is also not out of the liberalisation process. At the same time, Non-Tariff Measures (NTMs) are on the rise across the world and also in South Asia.

Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT), which are essential for protecting human health, environment, product quality and standards, constitute the largest part of NTMs in the region. SPS deals with regulations on food safety and plant and animal health. TBTs are measures taken to protect domestic markets, consumers and industries, which can indirectly discriminate against imports from other countries (Jayaram, 2016). Each country follows different standards and procedures with relation to SPS/TBT regulations, and also applies different standards to exporting countries depending on the level of hostility or ideological differences between them. While these NTMs cannot be eliminated, it is important to ensure that they are accompanied by relevant policy measures so that they do not impede trade and turned into NTBs (non-tariff barriers). Again, NTMs unfairly discriminate against exports from smaller nations with lesser capacities as they lead to high costs. On the other hand, customs duties, rules, and regulations turn out to be a major NTB (Jayaram, 2016).

Thus setting and adopting higher and stringent standards and imposing those on trade partners are some of the outcomes of rising NTMs across the world. Many of these standards appear to be trade barriers for other countries, especially developing nations. As most of the developing countries are not in a position to set or adopt higher standards due to lack of resource constraints, one possible solution is to set regional standards or harmonise the standards of the regional countries.

Jayaram (2016) rightly argued that the negative effects of NTBs can be avoided by creating a transparent system with uniform standards in the region. Standards certificates issued by the exporting country should be accepted by the importing country. Special testing laboratories must be made available in bordering areas to avoid delays. Border warehouses will help improve trade in perishable items, which constitute one-third of intra-regional trade. All countries should follow a single set of mutually-agreed customs procedures, rather than adopting an arbitrary model. Efforts must be made to build the capacity of small and medium enterprises in smaller nations to meet export standards in order to allow them to benefit from trade.

In fact, countries in a particular region have similarities in climate, culture, governmental policies, consumption, industrial production and other areas. Therefore, there might be a need for common standards. In order to deal with these regional issues in the field of standardisation, regional standards organisations are there in different regions of the world (UNIDO, 2006).

Such a regional arrangement is possible under a Regional Trading Agreement (RTA) or any regional grouping aimed at economic integration in the long-run. While RTA can help primarily to enhance intra-regional trade, a common set of trade-related standards can boost the trade by addressing the complexity of NTMs. In line with this proposition, member countries of the SAARC have decided to harmonise standards in South Asia. So, they established the South Asian Regional Standards Organisation (SARSO) in 2011.

The main objective of the SARSO is to facilitate coordination and cooperation among SAARC member countries in the field of standardisation and develop a set of harmonised regional standards. It is also presumed that such standards will not only reduce the NTBs hampering the regional trade, but also help enhancing global trade of the region. But, setting the regional standards is a daunting task and requires a lot of efforts. To make it a success, better coordination among the national standards bodies is essential. The difference in size of the national economies and trade patterns in South Asia are two big challenges the SARSO faces.

### ***Research question***

This paper has briefly examined the problems and prospects of regional standards, particularly in South Asia when the region is facing challenges to exploring its potentials of expanding its trade by joining more actively the global value chain. The basic questions this paper tries to answer here are as follows:

Is it possible to introduce and adopt a set of comprehensive regional standards in South Asia?

Will the SARSO be successful in devising the harmonisation of standards in South Asia?

### ***Data and methodology***

Mainly secondary data have been used due to the nature of this paper. Data have been collected from the government bodies and research organisations, mostly from their websites and relevant online sources. The relevant literatures used here

to get data, necessary information and views include research papers, discussion papers, reports, journals and newspaper articles. To get views of the stakeholders, rapid interactions were made with few business leaders, policymakers and experts in South Asia through email, telephone conversation and table talk. Subsequently, the data, views and interactions have been analysed along with relevant literatures to draw a conclusion.

### ***Limitation***

No attempt has been made here at any statistical or econometric exercise. It also doesn't examine the agreements and activities of the SARSO in detail.

### ***Plan of the paper***

The title of the paper is 'Setting Regional Standards in South Asia and SARSO.' It is divided into seven sections. The Section-I contains introduction which includes the research question, data and methodology, and limitation of the paper; The Section-II dwells on relevant literature review; Section-III provides a short note on standards and related things; Section-IV briefly examines the scope of regional standards in the context of South Asia; Section-V discusses challenges and prospects of SARSO in short; Section-VI summarises the findings based on discussions and analyses; and Section-VII draws a conclusion with few suggestions.

## **II. Relevant Literature**

Regional standards in South Asia are comparatively a new concept. The emergence of SARSO has generated some interest among the researchers in this regard. Few of them try to learn from other regional experiences to find some lessons for the SARSO. In one such detailed work, Cote (2016) provided suggestions for SARSO on the basis of institutional structures and experiences from relevant regional standardisation organisations as well as good practices in harmonisation of trade-related standards. His work also examined whether SAARC Members should indeed collectively adopt international trade-related standards as a form of harmonisation or rather revise their current standards for harmonisation.

Cote (2016) showed that ASEAN Consultative Committee for Standards and Quality (ACCSQ) was successful in harmonising technical regulations and conformity assessment procedures on electrical equipment as well as a Pharmaceutical Good Manufacturing Practice Mutual Recognition Agreement

(MRA). Thus, he argued that ACCSQ's experience with MRA and in developing a collaborative environment amongst Member States could be useful to SARSO also.

Focusing on African Organisation of Standardisation (ARSO), which is working to harmonise national and sub-regional standards as 'African Standards,' Cote (2016) mentioned that these harmonisation efforts were intended to facilitate trade among African countries as well as international trade. He also suggested that SARSO might be benefited by learning from ARSO's communication and information dissemination structure.

Cote (2016) also mentioned that MERCOSUR Standardisation Association, an alliance of Latin America's sub-regional bloc of five countries, developed and harmonised around 600 standards for the member countries. And these are all voluntary standards.

Cote (2016) argued that SARSO should be both the standard-taker and standard-maker in different cases. He viewed that SARSO could collaborate with member countries' organisations like Bureau of Indian Standards (BIS) 'to mobilise the development of trade-related standards, broaden its portfolio of standards, and harmonise those standards across the SAARC membership.' He has also opined that as the BIS developed more than 19,000 standards for India, many of such standards may be used as base standards for the region. Being alert on the complexity and sensitivity of the SAARC member countries in this regard, Cote (2016) concluded that whether and when SARSO and SAARC Members should adopt international standards approved by organisations such as the ISO or revise the existing national standards for regional harmonisation, must be scrutinised carefully.

The issue of regional standard is, however, not necessarily welcome always as identified by Mayeda (2004). He has observed that harmonisation is largely an inefficient tool for dealing with development issues. While it is important to develop institutional capacity in developing countries to deal with health, safety and technical standards, across the board harmonisation fails to recognise the needs for countries to adapt laws and legal institutions to domestic conditions.

Mayeda (2004) has also argued that a drive towards harmonisation restricts political sovereignty over the domestic regulations, thus by making it difficult to adopt regulatory standards in areas such as environmental protections and food, health and safety that are more restrictive than those of exporting countries. He has also mentioned that while developed countries are concerned that harmonisation will force them to adopt the lower standards of other countries,

developing countries are concerned that high standards in developed nations are barriers to developing countries' access to the international market.

Thus, as pointed out by Mayeda (2004), the cause of tension is to bridge the gap between the need for harmonisation to protect the human and natural environment and the use of harmonisation with standards in developed countries that use them as a way of disguising their protectionist measures. Another cause of tension is the desire of developed countries to adopt progressive and precautionary regulatory measures.

Mayeda (2004) has also argued that standards might be better for developing countries in the case of institutional capacity. But the cost of developing highly-specific, rule-based regulatory systems, both in terms of financial resources and economic and legal expertise, is high.

The argument that standards are ultimately trade-restrictive measures is nullified by many. Aldaz-Carroll (2006) has argued that the ultimate objective of standards and conformity assessment is to facilitate trade by protecting health, safety and the environment, and by improving productive efficiency. When these legitimate objectives are satisfied, standards serve a public goal and their removal is undesirable, since they correct a market failure.

Aldaz-Carroll (2006) has opined that transaction costs associated with differences in standards could be reduced, as a number of international standards bodies (like ISO and IEC) have elaborated international voluntary standards and are encouraging countries to harmonise their standards with these international ones.

Aldaz-Carroll (2006) has pointed out that a country can upgrade its standards unilaterally or in a coordinated manner, be it a cooperation agreement approach or an RTA approach. He has also mentioned that an RTA approach involves not only the upgrading of standards, but also the regional harmonisation of standards and a regional approach to upgrading and harmonising standards, and the conformity assessment within the context of an RTA can provide the stepping stones for greater participation in the global market.

The response of firms in the market may be an important factor in adopting harmonisation of standards. Applying econometric exercise, under a political economy model, Jørgensen and Schröder (2014) have showed that the monopolist favours a harmonisation of standards, while a duopoly firm would lobby for mutual recognition. But the duopoly firm is ready to pay higher for a regime of mutual recognition than the monopolist's willingness to pay for making harmonisation the coordination rule under Cournot competition model.

Jørgensen and Schröder (2014) have also argued that harmonised standards open the possibility for one-way trade, they may (driven by strategic interaction) result in wrong-way trade. Thus, products may shift from the highly concentrated, high price territory to the lower price higher competition territory. They concluded that the pitfalls of the international coordination of standards are more pronounced under Bertrand competition while mutual recognition is more robust in generating trade (at the extensive margin) and avoiding the welfare losses stemming from the influences of industry interests in trade policy.

### **III. A Brief Note on Standards**

Standard is a required or agreed level of quality attainment of a product or service and also a benchmark used as a measure, norm or model in comparative appraisal of products or services. According to UNIDO (2006), 'A standard is a document which provides, inter alia, requirements, rules, and guidelines, for a process, product or service. These requirements are sometimes complemented by a description of the process, products or services.' UNIDO (2006) also mentions that (a) standards are the result of a consensus and are approved by a recognised body; (b) standards aim at achieving the optimum degree of order in a given context; and (c) the process of formulating, issuing and implementing standards is called standardisation.

Thus, standard is a documentation providing rules, guidelines or characteristics of any product and production methods and has to be approved by a recognised body. Compliance with the standard can be mandatory or voluntary.

Few more concepts are also associated with the standard. These are: technical regulation, mutual recognition, conformity assessment, harmonisation and equivalence.

Technical regulation is a document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory (GIZ, 2012). There is still a debate on fine difference between standard and regulation. Some argue that technical regulations are basically mandatory standards while standards are generally voluntary in nature (GIZ, 2012).

Conformity assessment is a procedure used, directly or indirectly, to determine that relevant requirements in technical regulations or standards are fulfilled. Conformity assessment procedures include testing, certification, inspection and accreditation (GIZ, 2012).

Conformity assessment can be conducted by the suppliers, the purchasers or by an independent organisation or third party. Third party organisations are often accredited by a national accreditation body like BAB to undertake conformity assessment. They ensure that standards are being applied correctly and upon successful audits and provide certification of conformity to a specific standard.

Mutual recognition normally refers to the acceptance of certification of a partner country (Maur and Shepherd, 2011). Mutual recognition allows each country to maintain potentially different standards but requires each country to accord equal treatment to goods produced in the partner countries, even though standards might be different. So it is the formal recognition that the inspection and certification system of one country is equivalent to that of the partner country. Countries have to sign a Mutual Recognition Agreement (MRA) to make things work.

In fact, by accepting that the inspection and certification system of one country provides the same level of protection and controls in the importing country can be reduced (GIZ, 2012).

Harmonisation simply means replacing two or more rules or procedures with a single one. Nevertheless, the term can be somewhat misleading because there are degrees of harmonisation, involving rules alone, procedures alone, both rules and procedures, or even higher-level objectives only or essential requirements (Maur and Shepherd, 2011). Regarding regional trade perspective, harmonisation means the convergence of national standards toward a common set of requirements.

Harmonisation of standards can take place in two ways. One is unilateral harmonisation when one country or a group of countries simply adopt a standard prevailing in another country. The other is concerted harmonisation, where countries work together to identify a set of requirements that is acceptable to all parties. Concerted harmonisation can be a lengthy and uncertain process, requiring extensive negotiations among the parties concerning every standard under each jurisdiction. The more divergent the parties' interests and approaches to standardisation, the more difficult it is likely to be to negotiate a set of harmonised standards (Maur and Shepherd, 2011).

There are, however, a lot of complexities regarding standards. These are intertwined with technical classes of NTMs - Technical Barriers to Trade (TBT) and Sanitary and Phyto-Sanitary Measures (SPS) in the WTO law. Moreover, standard is considered a component of TBT. Mandatory standard is technical regulation under TBT while voluntary standard is simply standard under TBT.

Again, there are three types of standards in general. These are: product standard, procedural standard and management system (Maur and Shepherd, 2011). Product



standard is the most used standard which deals with the characteristics of goods or services and indicates quality, safety and fitness aspects of a product. For example, Bangladesh Standards and Testing Institution (BSTI) has set a standard of using minimum 10 per cent fruit pulp to be eligible as a fruit drink. Procedure or process standard deals with conditions under which goods are produced packaged and/or refined or services are rendered. For an instance, after meeting certain conditions for producing a fruit drink, the product's process can be termed 'toxic-free' or something like this. There are safety standards and environmental standards also.

#### **IV. Regional Standards**

Standards vary from country to country. Developed countries have much more complex, elaborate and sophisticated standards while developing and poor countries have a lot of limitations in dealing with standards. Thus, it is quite difficult for Bangladeshi manufacturers to fully comply with standards set and used in the United States (US) or in Japan.

The concept of global or international standard is also to some extent misleading. The WTO doesn't bind its members to follow any unique set of standards but compels not to apply standards in a manner which would constitute a "disguised restriction on international trade". But two agreements, TBT and SPS, of the WTO are considered comprehensive rules and guidelines for global standards and member countries have to set or develop their standards as per the WTO rules. So, any member can challenge any standard of another country if the latter doesn't follow the WTO rules on setting or imposing the standards. But this is a complex procedure.

There are several international bodies for standardisation of different products and services. These includes: International Standards Organisation (ISO) and Codex Alimentarius Commission. Codex is actually a joint initiative of the World Health Organization (WHO) and the Food and Agriculture Organization of the United Nations (FAO). Standards, however, set by these organisations are not legally binding for any country. That's why any ISO or Codex standard adopted by Bangladesh may not be accepted by India, although it is accepted by Pakistan. So, for exporting such a product from Bangladesh to India, a standard set by BIS has to be complied.

Such a problem is not unique for Bangladesh and India or for the region of South Asia. For the last 50 years, many countries and regions in the world have been facing similar problems originating from differences in standards. That's why

many of them are trying to adopt ‘regional standards’ or doing harmonisation of standards’ and ‘mutual recognition of standards.’

In fact, many regional and bilateral PTAs (preferential trade agreements) contain additional provisions related to the design and management of regional standards systems ((Maur and Shepherd, 2011).

Harmonisation or mutual recognition at the regional level is more cumbersome than at the bilateral level. Nevertheless, a regional arrangement is better as small and weaker economies can also negotiate and get time for adjustment. Countries in South Asia have also understood the necessities of regional standardisation and so they have established SARSO. Just like the need to improve public and private sector capacities for development and surveillance of, and compliance with, national regulations and standards, regional harmonisation is decisive for the competitiveness in intra- and inter-regional trade within and among the regional economic communities (GIZ, 2012).

Regional standards help the member countries reduce the barriers to intra-regional trade through harmonisation of the standards. It is, however, a very daunting task. All members of a certain regional trade bloc don’t have equal economic strength and their socio-economic structures are also different in many cases. Thus, advanced members have the opportunity to ride on others while setting standards.

The approach to develop a set of regional standards is mostly voluntary which sometimes turns legally binding for the trading partners. By developing regional standards, though the regional countries can easily deal with TBT and other related issues, these may be discriminatory to countries outside a particular trading bloc. Some countries may be unable to meet the regional standards as those are more stringent than country-specific standards. Again, some countries of the trading bloc may continue with a dual set of standards—regional one for member countries of the bloc and national one for countries outside the bloc. Again, any country of the trading bloc may impose regional standards on certain products and national standards on other products. All these can make the thing more complex (Kibria, 2016).

Nevertheless, efforts to develop and adopt regional standards are there. UNIDO (2006) identified some important regional initiatives. These are: (a) European Committee for Standardisation, (b) Pan American Standards Commission, (c) Arab Organisation for Standardisation and Metrology, (d) African Regional Organisation for Standardisation.

Founded in 1961, the European Committee for Standardization (CEN) draws up European standards and regroups 22 European institutes. CEN has published around 9,300 European standards and approved documents.

The Pan American Standards Commission (COPANT) was initiated in 1961 and acquired its present constitution in 1965. It has 34 active members including Canada, Mexico and the United States. The Commission develops all types of product standards, standardised test methods, terminology and related matters. The COPANT is headquartered in Buenos Aires, Argentina.

The Arab Organization for Standardization and Metrology (ASMO) came into existence in 1967. It has 17 members including: Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Saudi Arabia and Syria. The objective of ASMO is to unify technical terms, methods of testing, measurements and specifications of Arab states.

The African Regional Organization for Standardization (ARSO), established in 1977, is the African intergovernmental body mandated to promote standardisation activities in Africa, bearing in mind the blueprint for Africa's economic development as outlined in the Lagos Plan of Action. ARSO has developed a comprehensive programme on standardisation and related activities in Africa. It has 36 member countries including: Egypt, Ghana, Kenya, Liberia, Libya, Malawi, Mauritius, Niger, Nigeria, Senegal, South Africa, Sudan, Tanzania, Tunisia, Uganda and Zambia.

But there are two more regional standardisation initiatives. They are more relevant for SARSO. These two are: (a) Mercosur Standardisation Association (ANM) and (b) ASEAN Consultative Committee on Standards and Quality (ACCSQ).

Mercosur, a free trade bloc and customs union of five Latin American countries, was formed in 1991 comprising Argentina, Brazil, Paraguay and Uruguay. Later Venezuela joined the bloc. A good set of Mercosur regional standards helps make the regional integration successful. In 1994 Mercosur Standardisation Association (ANM) was formed. Headquartered in São Paulo, Brazil's financial capital, the body has 25 technical committees and developed around 600 standards for products and services. Though voluntary in nature, these standards have to be complied with by any firm wanting to trade within Mercosur (Kibria, 2016).

Again, ASEAN (Association of Southeast Asian Nations) has a policy guideline on standards and conformance. The 10 member countries, through the ASEAN Consultative Committee on Standards and Quality (ACCSQ), are working to

‘harmonise national standards with international standards and implement mutual recognition arrangements on conformity assessment.’ The ultimate declared goal is ‘One Standard, One Test, Accepted Everywhere’. So far, nearly 300 standards, technical specifications, requirements and guidelines have been harmonised with international one.

The experience of these regional standardisation initiatives indicates that the process is cumbersome and prolonged.

## **V. Challenges and Prospects of Sarso**

### ***Foundation***

At the Fifteenth SAARC Summit held in Colombo on 2-3 August 2008, the member states had agreed to establish the South Asian Regional Standards Organization (SARSO) and they had signed the text of the Agreement on establishment of the SARSO. All Member States ratified the Agreement on Establishment of SARSO. The agreement came into force on 25 August 2011. The body came into operation in April, 2014 with its headquarters in Dhaka.

The ultimate goals of the regional standards body are ‘to achieve and enhance coordination and cooperation among SAARC member states in the fields of standardisation and conformity assessment’ as well as ‘develop harmonised standards for the region to facilitate intra-regional trade and have access to the global market.’

### ***Structure***

There are two more agreements to make the regional standards in South Asia effective. One is: SAARC Agreement on Implementation of Regional Standards. The other is: SAARC Agreement on Multilateral Arrangement on Recognition of Conformity Assessment. All the eight member countries of the SAARC have ratified the agreements.

Six technical committees of the SARSO are now engaged in developing regional standards for different sectors. These are: committees on food and agricultural products; jute, textile and leather; building materials; electrical equipment, electronics, telecom & IT; chemical and chemical products; and conformity assessment.

### ***Common standards***

So far, 50 draft regional standards have been developed and now under consideration of the relevant technical committees. 52 more are on the anvil.

*Table 1: List of Finalised SAARC Standards*

S. No.	Standard No.	Title of Standard
1	SARS ISO 6892-1	Metallic Materials - Tensile Testing Part 1: Method of test at room temperature
2	SARS ISO 6892-2	Metallic Materials - Tensile Testing Part 2: Method of test at elevated temperature
3	SARS ISO 7438	Metallic Materials - Bend Test
4	SARS ISO 8491	Metallic Materials - Tube (in full section) – Bend Test
5	SARS ISO 8492	Metallic Materials - Tube – Flattening Test
6	SARS 0006	Biscuits-Specification
7	SARS 0007	Refined Sugar-Specification
8	SARS 0008	Code of Hygienic Practice for Dairy Industry
9	SARS 0009	Textile-Hessian – Specification
10	SARS 0010	Textile-Cotton Drill – Specification
11	SARS 0011	Textile-Cotton Twill – Specification
12	SARS 0012	Textile-Jute twine
13	SARS ISO 4833-1	Microbiology of the food chain -- Horizontal method for the enumeration of microorganisms -- Part 1: Colony count at 30 degrees C by the pour plate technique
14	SARS ISO 21527-2	Microbiology of food and animal feeding stuffs -- Horizontal method for the enumeration of yeasts and moulds -- Part 2: Colony count technique in products with water activity less than or equal to 0.95
15	SARS ISO 4831	Microbiology of food and animal feeding stuffs -- Horizontal method for the detection and enumeration of coliforms -- Most probable number technique
16	SARS ISO 7251	Microbiology of food and animal feeding stuffs -- Horizontal method for the detection and enumeration of presumptive <i>Escherichia coli</i> -- Most probable number technique
17	SARS ISO 6888-1	Microbiology of food and animal feeding stuffs -- Horizontal method for the enumeration of coagulase-positive staphylococci ( <i>Staphylococcus aureus</i> and other species) -- Part 1: Technique using Baird-Parker agar medium
18	SARS ISO 6579	Microbiology of food and animal feeding stuffs -- Horizontal method for the detection of <i>Salmonella</i> spp.
19	SARS CAC /GL 030	Principles and Guidelines for the conduct of Microbiological Risk Assessment
20	SARS CAC/GL 21	Principles for the Establishment and Application of Microbiological Criteria for Foods

But the most significant progress so far made is finalisation of seven SAARC standards. Of these, six are specifications for: Refined Sugar, Biscuits, Hessian, Cotton Twill, Cotton Drill and Jute Twine. The remaining one is the code of hygienic practices on Dairy products. Moreover, SARSO has also adopted some 13 international standards as SAARC standards. (Table-1)

Of these, only three have been approved by the governing board of the SARSO. These are: Biscuits-Specification (SARS 0006), Refined Sugar-Specification (SARS 0007) and Code of Hygienic Practice for Dairy Industry (SARS 0008). Nine more standards will be finalised soon after some refinement as per decision of the technical management board.

Any SARSO-defined standard has to be formally endorsed or ratified by all the countries. Besides this, the member countries have to develop their own capacities to deal with standards and related issues, especially TBT and SPS measures. Member countries will, however, get some time to adopt the SAARC standards by replacing the existing national standards. National standards bodies of the countries will be responsible for adaptation and implementation of the SAARC standards.

Finally, as is the case with all other SAARC initiatives, here also it is the political will of the member countries that can ultimately help produce a set of South Asian standards. Standards have become more and more important in the global trade. The surge of mega regional trade deals like TPP (Trans-Pacific Partnership) will not only subdue the multilateral trade regime as well as liberal standards, but also force others to go for stringent standards. Though US President Donald Trump withdrew his country from the TPP in the first week of his office, the essence of the deal is not killed at all (Sharma, 2017).

### ***Challenges***

Like any other initiative, the SARSO is also facing huge challenges and moving slowly.

The most challenging part of the SAARC standards is harmonisation of the existing standards and regulations. When there is a difference between a standard and a regulation, generally the regulation prevails as it is legally binding for any country. Thus, if any SAARC standard doesn't match a regulation of a member country, the country may not accept the SAARC standard. Although careful review of existing standards and regulations has been done by the sectoral technical committees before formulating or harmonising any standard, the possibility of any problem like this cannot be written off fully.

In the EU, there is a general regulation which mentions that standards have to be followed by the member countries. Thus, there is no problem with the difference between a particular standard and a regulation.

In a bid to deal with the higher standards of the developed countries, the SARSO tries to adjust the SAARC standards with that level by harmonising them with the international standards set by International Standards Organisation (ISO) or adopting ISO standards. For example, the SARSO STC on Building Materials adopts five ISO standards as SAARC standards. One of these is: ISO 6892-1:2009(E) which defines the method of test in room temperature under tensile testing of metallic materials. This standard is codified as SARS ISO 6892-1:2014.

Again, SARSO is not authorised to implement any standard. To put it simply, the SARSO initiative is harmonisation of standards among the countries and provide a framework. It is the jurisdiction of the member countries to adopt and implement. So the major challenge lies here, as adopting regional standards by the member countries requires some legal procedures of these countries.

To adopt and implement the regional standards, the related SARSO implementation agreement has clear guidelines. The article-4 of the agreement requires the member countries to adopt SAARC standards, if available, while preparing a new standard or revising a current standard. It also compels the member countries to ensure that they would not modify any national standard in such a way that it becomes more stringent than the corresponding SAARC Standard creating technical barriers to trade. Moreover, the national standards that differ from the SAARC Standards should not be more restrictive than necessary to fulfil legitimate objectives. Again, the article-5 of the agreement outlines 10-point obligations on implementation of regional standards. The Paragraph 5.8 mentions: "Approval of a SAARC Standard implies that Member States have an obligation to give it the status of a National Standard."

Another big challenge to implementation of SAARC standards is the lack of capacity in most of the member countries. Currently, only four member countries (Bangladesh, India, Pakistan and Sri Lanka) have accreditation boards. So, laboratories of these countries are not accredited by their national accreditation body. So, testing or standard certifications of these laboratories are also not accepted by other countries in many cases. Laboratories of the countries like Nepal and Bhutan are now getting accreditation from other countries, mostly from India. However, accreditation of laboratories from other countries is helpful as the country of the accreditation body finds it more comfortable while importing from a second country where the laboratories are accredited by the first country's accreditation body.

It is to be noted that accreditation is a third party attestation related to a conformity assessment body conveying formal demonstration of its competence to carry out the tasks of conformity assessment. Accreditation is made available to different conformity assessment bodies, namely Testing & Calibration Laboratories, Certification Bodies, Inspection Bodies, Training Institutions and Persons who perform conformity assessments. It is a process in which certification of competency, authority, or credibility is presented. This ensures one certificate acceptable all over the world (BAB, 2017).

Organisations that issue credentials or certify third parties against official standards are themselves formally accredited by accreditation bodies; hence they are sometimes known as ‘accredited certification bodies’. The accreditation process ensures that their certification practices are acceptable, typically meaning that they are competent to test and certify third parties, behave ethically, and employ suitable quality assurance.

One example of accreditation is the accreditation of testing laboratories and certification specialists that are permitted to issue official certificates of compliance with established standards, such as physical, chemical, forensic, quality, and security standards.

## **VI. Findings**

The experience of dealing with other regional standards as well as the initial work of the SARSO indicate that it is possible to adopt or introduce a set of comprehensive regional standards in South Asia. The paper also finds that the SARSO can be quite effective in advancing the cause of harmonisation of standards in South Asia. In fact, harmonisation is instrumental to introduction of a set of common regional standards.

But, this paper also finds that setting and adopting common standards in South Asia will not be an easy task, mainly due to the lack of capacity of most of the national standards bodies. The varied sizes of the economies also appear as a barrier to adopting the regional standards. Moreover, the political differences and the lack of mutual trusts, especially among the two big members of the SAARC—India and Pakistan—have already posed a big threat to the future of the bloc as well as the future of the SARSO.

The major findings of the paper are outlined as follows:

The relevance and importance of SAARC common standards or regional standards in South Asia as well as SARSO are still not fully recognised by all the member countries of the grouping and the stakeholders. In fact, there is not that much



Box-1: The national standards bodies of the SAARC member countries who are also the National Member Bodies of the SARSO

**ANSA**

Afghan National Standard Authority

[Established in 2015. Functioning under the Ministry of Commerce and Industries]

<http://ansa.gov.af>

**BSTI**

Bangladesh Standards and Testing Institution

*National Standards body of Bangladesh*

[Initially established as The Central Testing Laboratory (CTL) in 1956. Restructured and became a full-flagged standard body in 1985. Functioning under the Ministry of Industries.]

<http://www.bsti.gov.bd>

**BSB**

Bhutan Standards Bureau

[Established in 2010.]

[www.bsb.gov.bt](http://www.bsb.gov.bt)

**BIS**

Bureau of Indian Standards

*The National Standards Body of India*

[Established as the Indian Standards Institution (ISI) in 1947 and turned into BIS in 1987.]

<http://www.bis.org.in>

**MSMU**

Maldives Standards and Metrology Centre

[Functioning under the Ministry of Economic Development and Trade]

<http://www.standards.gov.mv>

**NBSM**

Nepal Bureau of Standards & Metrology

(Established in 1976 as Nepal Institute of Standards (NIS). Renamed and restructured as NBSM in 1981. Functioning under the Ministry of Industry )

<http://nbsm.gov.np>

**PSQCA**

Pakistan Standards & Quality Control Authority

*National Standards Body (NSB) for Pakistan*

[Established in 1996 under the Ministry of Science & Technology]

<http://www.psqca.com.pk>

**SLSI**

Sri Lanka Standards Institution (1964)

*National Standards Body of Sri Lanka*

[Established as Bureau of Ceylon Standards in 1964. replaced by the Sri Lanka Standards Institution in 1984]

<http://www.slsi.lk>

awareness about the SARSO among the trade bodies and business associations in South Asia and so they are yet to establish a link with the regional body.

Most of the national standards bodies in South Asia are still not well equipped to deal with the complexity of standards and regulations. They are also not proactive to coordinate the SARSO work.

SARSO has a shortage of manpower and logistic support. Due to resource constraints, the SARSO is unable to reach out to the relevant stakeholders to popularise its mandate and let them know how beneficial it could be to foster regional trade.

SARSO needs a much more political push than what it is experiencing now. Without strong political efforts, the SARSO can't move ahead.

## **VII. Conclusion**

Regional standards in South Asia will aid the endeavour of SAARC countries to achieve higher standards of their products and services, which are becoming crucial to a better market access to the rest of the world. Regional standards will ultimately lessen the need for bilateral harmonisation of the standards and also reduce the cost of doing business. A comprehensive set of SAARC standards will also help the countries deal with the much-talked-about NTMs in a coordinated manner.

Moreover, developed countries are gradually adopting and setting higher and stringent standards. The mega-regional RTAs are designed to redefine the current multilateral trade regime and proposed to widen their coverage of areas which are not currently dealt with under the WTO framework. So, the 'WTO-plus' or 'WTO-extra' rules are emerging. One of the 'WTO-plus' concern is the mega-RTA rules on SPS and TBT which will increase the number of standards. As voluntary standards have already started guiding purchase decisions on value chains and consumer preference in developed countries, it will ultimately affect the developing countries and LDCs. There are two alternatives to deal with the situation. Either the countries have to challenge the arbitrary nature of the standards setting, or they may take it as an opportunity to upgrade their own trade-related standards (CUTS, 2015). While the first option is unlikely to yield any effective result, the second option seems more reasonable. As upgrading the standards for each country is time-consuming and costly, following the regional approach to setting common standards will be helpful. The SAARC countries can offset the de facto discrimination arising from the WTO-plus standards by entering mutual recognition agreements (MRAs) among themselves first, and then with the trading partners of the mega-RTAs. Thus, the SAARC countries should extend their support to the SARSO to make it a success.

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