Trade Promotion Mechanisms

Harmonisation, Equivalence and Mutual Recognition Agreement

The three trade promotion mechanisms are closely related but are not interchangeable. Harmonization and equivalence are both methods for bringing about regulatory convergence or uniformity. **Harmonization** takes two differing standards or procedures and converts them into one.

The SPS Agreement defines harmonization as:
"the establishment, recognition, and application of common sanitary and phytosanitary measures by different countries."

Equivalence allows two differing standards or procedures to remain intact but treats them as if they were the same because in theory they produce the same or similar results. Under the SPS Agreement, countries are required to recognize another country's SPS measure as equivalent to their own when the exporting country demonstrates that its treatments or pest control procedures provide the importing country's desired level of quarantine security.

Equivalence encourages countries to recognize that different procedures (e.g., inspection, certification, testing, surveying, trapping, fumigation, and other treatments or practices) can be used to achieve the level of protection demanded by the importing country. The burden is on the exporting country to objectively demonstrate that its system or practices, while different from the importing country's measures, still achieves the importing country's plant quarantine security goals.

A **Mutual Recognition Agreement** or MRA is an international agreement by which two or more countries agree to recognize one another's conformity assessments. MRAs exists e.g., between regulatory (i.e. government to government) and non-regulatory bodies (i.e. private sector). In addition, MRAs could be multisectoral or focus on a single sector.

Mutual recognition is a vehicle for regulatory cooperation, and it may be based on harmonization, equivalence, or external criteria such as the importing party’s standards or international standards. In a mutual recognition agreement, two or more parties agree to recognize and accept each other’s conformity assessment results, test reports, certificates, product standards, regulations, markings, quality assurance system standards because they are harmonized or judged to be equivalent, or because they satisfy other agreed-upon external criteria. Thus, mutual recognition can stand alone on the basis of the importing country’s

standards or it can translate harmonization or equivalence determinations into benefits for trade.

With respect to consumer products, MRAs are agreements between countries to recognize and accept the results of conformity assessments performed by conformity assessment bodies (CABs) of the countries that are parties to the agreement. Conformity assessment is the process by which products are measured against the various technical, safety, purity, and quality standards that governments impose on products. The basis of this mutual recognition is the use of the importing country's tests and standards. Such MRAs allow an exporting country's CABs to use the tests and standards of the importing country in evaluating products, thereby potentially reducing the number of CABs that must evaluate a product destined for multiple markets.

Conformity assessment procedures

Conformity assessment is the name given to the processes that are used to demonstrate that a product (tangible) or a service or a management system or body meets specified requirements. These requirements are contained in ISO/IEC standards and guides. The processes that need to be followed to be able to demonstrate that they meet the requirements are also contained in ISO/IEC standards and guides.

The use of ISO/IEC standards in conformity assessment procedures allows for harmonization throughout the world and this, in turn, not only facilitates international trade between countries but also facilitates trade within countries by giving the purchaser of the product or service confidence that it meets the requirements.

Conformity assessment can cover one or more of the following activities:

- **Testing**
- **Inspecting**
- **Implementing**

How conformity assessment works

Conformity assessment activities can be characterized as:

First party - this is the technical term used when conformity assessment to a standard, specification or regulation is carried out

by the supplier organization itself. In other words, it is a self-assessment. This is known as a supplier's declaration of conformity.

Second party - this is defined as the conformity assessment activity which is performed by the customer of the organization. For example the manufacturer would allow his customer to do an assessment of the product against the requirements.

Third party - this is defined as the conformity assessment activity that is performed by a body that is independent of the organization that provides the product and is not a user of the product. An example of this would be when an independent certification body certifies that another organization complies with ISO 9001 and issues it with a certificate to this effect.

Very often the decision to use one type of conformity assessment above another will depend on a number of factors, one of which is the level of risk associated with the product/service and the customer's requirements.

We can therefore say that conformity assessment is a series of three functions (functional approach) that satisfy a need or a demand for demonstration that specified requirements are fulfilled. These three functions are:

1. Selection
2. Determination
3. Review and attestation

Such determination adds credibility to claims that specified requirements are fulfilled, giving users greater confidence in such claims. ISO standards are used as the specified requirements.

Conformity assessment may be applied to products which includes services, process and systems for example management systems.

Benefits of conformity assessment

Conformity assessment provides benefits to everyone in the supply and demand chain. This includes the consumer, manufacturer and the supplier. It also includes regulators who are responsible for ensuring the health and safety of the general public.

The **consumer** benefits from conformity assessment, as it is a mechanism providing confidence to consumers that the products and services they purchase are fit for the purpose. It may also allow the consumer the possibility to seek appropriate remedies should the product be found not to meet the specified requirements.

For **manufacturers,** it allows them to have peace of mind that they have implemented systems within their own organizations to ensure that the products and services they deliver meet the necessary criteria. The fact that their product or service meets ISO International Standards also gives them a competitive edge over those that do not.

For **regulators,** it allows them to use the conformity assessment infrastructure as part of the process they use to ensure health and safety as well as environmental conditions are being continuously met. The regulator will often make conformity assessment obligatory when it involves health, safety and/or environmental issues. Without official assessment and approval the regulator may prohibit the sale of products and services.

Therefore not only does conformity assessment provide confidence to consumers and purchasers but it also facilitates the free flow of goods and services between national boundaries.