

QUALITY MANAGEMENT: LINKING TPOs AND NSBs FOR EXPORT SUCCESS

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THE FIJI PERSPECTIVE

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I. INTRODUCTION

Fiji is a multi-party republic, with executive power vested in the President. The Prime Minister, appointed by the President, leads the Government; Cabinet formulates policies. The main Fijian Ministries in charge of issues relating to international trade are the Ministry of Industry, Tourism, Trade, and Communication (MITTC) and the Ministry of Finance (MOF). Except for tariffs, which are the charge of MOF, MITTC is directly responsible for Fiji's general merchandise trade policies, including any controls on exports and imports. The Customs and Excise Department (CED) implements tariff policy. Service-related policies are under the portfolio of various Ministries, including the Ministry of Foreign Affairs, International Cooperation and Civil Aviation.

Fiji's trade policy objectives include progressive removal of licences and quantitative restrictions, trade liberalization, and trade promotion. Fiji encourages trade diversification by promoting the export of non-traditional goods and services. In recognizing private sector as the engine for economic growth, efforts are directed at creating a conducive environment for private sector growth. Toward this end, Fiji is in the process of putting in place clear and transparent investment policy statement and guidelines. Promotion of a fair trading environment is also high on the agenda.

Three important legislations are now in place. First, is the National Trade and Measurement Decree 1989, which ensures accurate packaging and labelling requirements of product contents. Secondly, the Fair Trading Decree 1992 aims to promote a trading environment for consumers and business in which all participants in the market place are treated fairly and equitably. Thirdly, the Trade Standards and Quality Control Decree 1992, ensures that goods and services imported manufactured and distributed in Fiji are of uniform standard.

II. THE ROLE, STRUCTURE AND SCOPE OF THE ORGANISATION

The principal organization that facilitates trade promotion and standards is the Ministry of Industry and Trade. The Ministry of Industry and Trade has numerous functions related to trade and commerce. The Ministry has four departments and six statutory bodies under its scope. These departments contribute to the overall vision of the Ministry and play a part in facilitating industry and trade through consultation with government stakeholders and the private sector. The three bodies aligned to the Ministry that are key implementers of Trade and Standards are the Fiji Islands Trade and Investment Bureau (FTIB) , Fiji Trade Standards Advisory Council(TSAC) and the Fiji Trade Standards and Quality Control Office (FTSQCO).

The Ministry of Industry and Trade

The Ministry of Industry and Trade's 2009 Annual Corporate Plan clearly Highlights the vision and roles of the Ministry.

The Vision of the Ministry is: Fiji – A Vibrant, competitive economy.

The Mission is: To promote sustainable development through Industry, Commerce, Trade and Investment.

The general aim is: To implement strategies that incorporates the Visions and Mission of the Ministry.

The Objectives are:

- i) To provide efficient policy advice to the Minister, other Ministries as well as the private sector.
- ii) Facilitate and promote business start ups by providing policy advice as well as calling meetings between the relevant stakeholders or approval agencies and the Investor.
- iii) Review business related legislations affectively.
- iv) Promote exports through the National Export Strategy (NES) document.
- v) Align relevant policies and acts to international standards.

As part of its roles and responsibilities, the Ministry formulates and implements policies and strategies to facilitate investment, trade in services, business development, co-operatives and small business, fair trading competition and consumer protection.

These roles and responsibilities are undertaken within the Ministry's departments namely the Economic Analysis Unit (EAU); Department of Fair Trading and Consumer Affairs (DFTCA); Corporate Services Division; Fiji Trade Standards and Quality Control Office (FTSQCO); and the Department of Co-operatives and Small Business Development.

The Ministry also have statutory bodies including: the Consumer Council of Fiji (CCF); Commerce Commission; Fiji Island Trade and Investment Bureau (FTIB); Fiji Audio Visual commission (FAVC); National centre for Small and Micro Enterprise Development (NCSMED); Real estate Agencies Licensing Board (REALB); Trade and Standards Advisory Council (TSAC); and Trade Commission Taiwan and Trade Commission Los Angeles.

The Fiji Islands Trade and Investment Bureau (FTIB)

FTIB is the Trade Promotion Authority in Fiji. The Fiji Islands Trade and Investment Bureau (FTIB) was formed as a statutory organization by the Economic Development Board (EDB) Act No 11 of 1980 to promote, stimulate and facilitate the exports and investment. Though the FTIB is the investment and trade promotion agency of the Government, it operates independently and has a Board comprising mostly of private sector representatives.

The Fiji Trade Standards and Quality Control Office (FTSQCO) and the Trade Standards Advisory Council (TSAC).

The Fiji Trade Standards and Quality Control Office (FTSQCO) was formed after the enactment of the Trade Standards and Quality Control Decree (TSQCD) in 1992. The Minister of Commerce Business Development and Investment, under the Trade Standards and Quality Control Decree 1992 appointed the Trade Standards Advisory Council (TSAC) to operate in conjunction with the FTSQCO.

Under the TSQCD it has responsibility of ensuring the quality and safety of products manufactured or supplied in Fiji.

The TSAC provides advice to the Minister on the promulgation under the TSQCD of voluntary and mandatory standards and other quality and safety related issues in trade, e.g. declaration of dangerous goods, temporary bans and issuance of defect notices and warnings. It is the policy of the TSAC to prepare Fiji Standards based on international or other national standards.

The FTSQCO signed a Memorandum of Understanding (MoU) with the Standards Australia Limited in 1998, which gave Fiji a platform from which it approached standardization issues. The MoU gave the FTSQCO the opportunity to adopt and modify Australian Standards as Fiji Standards. This site is maintained and administered by Standards Australia on behalf of the TSAC and FTSQCO.

Fiji standards consist of a cover page and the international or other national standard from another source. The cover page includes the modifications to the standard from the other source.

Those standards that have been enacted as Fiji Standards do not cover all areas of standardization. Additional information on standardization in Australia and New Zealand can be sourced from Standards Australia (www.standards.org.au) and Standards New Zealand (www.standards.co.nz).

The National Export Strategy

To enhance the productive capabilities, the Ministry of Industry and Trade had formulated the National Export Strategy (NES) in 2006. The NES covers 13 sectors; six for Trade in goods and seven for trade in services. The ultimate aim of the NES is to stimulate Fiji's exports in the face of advancing globalization and at the same time enhance growth in trade development.

The NES strategic considerations comprise of four interlinking gears, namely: the border – out gear; the border- in gear; the border gear; and the development gear.

- 1) **Boarder-in gear** - This gear looks at the “supply side” responsiveness to international market opportunities and allows for the development of new competitive capacities among exporters. This include capacity development services to build on existing production capacities, capacity diversification services to developed new business ventures to broaden the national exports base and grow new exporters, and the competency development services targeted at export managers.
- 2) **Boarder gears** – This gear defines the sector’s operating environment and largely dictates the costs of export transaction. This gear is related to transaction costs incurred by the business community and typically include bottlenecks in trade related infrastructure such as transport, communication, and the cost and availability of finance. Also included are problems of administrative procedures and documentation requirements.
- 3) **The border-out gear** – It is relates to the market access issues, in-market support Ssrvicees and national promotion. This strategy, predominantly requested by export ready firms, includes the identification of commercial opportunities abroad, the promotion of investment and the country's national image, as well as increasing market contact through participation at fairs and exhibition the world over. Traditionally, the Fiji Island Trade and Investment Bureau (FTIB), Fiji Island Visitors Bureau (FVB) now known as Tourism Fiji, Fiji Audio Visual Commission (FAVC) and Fiji’s Embassies and Trade Commissions are involved. Concentration has usually been on negotiating increased accessed for exportable products to priority markets, and directing trade support to boarder-out services and;

4) **Development Gear** – This gear allows for the mainstreaming of external trade issues into the overall economic planning process by focusing strategic initiatives on the core development issues of poverty alleviation, employment generation and decentralization of industry. If this gear is lacking, especially in developing economies, political commitment to export-related objectives will remain weak, since exporting will be seen to be benefiting only a few. Without political commitment, the national trade support network cannot be effective.

The six goods sectors covered by the NES include three resource based sectors which are: forestry; marine products; and agro business and three from manufacturing which are: sugar; garments; and mineral water.

For the services seven sectors were targeted. They are: tourism; audio visual; information technology communication; financial services; health; education/training; and labour mobility.

The NES also assist exporters meet requirements in standards of their trading partners by providing financial assistance from its annual allocation of \$2m. Some selected exporters use this fund to upgrade their quarantine plants and infrastructure to meet international standards.

III. THE EXISTING RELATIONSHIP BETWEEN NSB'S AND TPO'S.

International activities

Since Fiji's accession to the World Trade Organization (WTO) in 1996, the Government has adopted an export oriented and outward-looking trade policy.

Aside from the WTO, Fiji is also a party to a number of regional trade agreements. Fiji views regional integration as a key stepping stone towards fuller participation in the increasingly liberalized global economy. As an island country with a small market, regional integration plays a vital role in creating a larger trade and investment market for Fiji.

The Ministry of Industry and Trade with its statutory bodies FTIB, TSAC and FTSQCO recognizes that a standards and conformance infrastructure is important because of the following:

- Improves everyday life
- Supports and foster new technologies
- Underpins everyday commerce
- Facilitates international trade
- Provides the basis for investment

A standards and conformance infrastructure, comprising of metrology, standards and accreditation, and conformity assessment impacts on the simplest daily activities, such as the accuracy of an alarm clock, the way seatbelts in a car operate, and the safety of food.

The same technical infrastructure also underpins the complex technologies and industrial processes that drive economic growth for a developing country like Fiji.

The concerned bodies are aware that everyday commercial transactions and international trade could not take place without the support of an effective standards and conformance infrastructure.

It provides the essential framework for industry and government to maintain domestic and foreign confidence in goods and services. It is also the key to enhancing global competitiveness, attracting investment, and fostering and supporting innovation. The establishment of well defined TPO's and NSB's provides the necessary framework for the infrastructure to work.

IV. POTENTIAL FUTURE RELATIONSHIP BETWEEN NSB's AND TPO's

There are a diversity of bodies involved in the preparation of standards used globally. These include governmental or treaty organizations, nongovernmental organizations, and organizations that are either specialized in standardization or involved also in other activities. Different approaches and procedures have been adopted by these bodies in their standardization activities (e.g. participating bodies, how work is initiated, developed and finalized). The NSB's and TPO's in Fiji have ratified some of these global standards and they serve as a benchmark for the local standards for approval purposes.

. Fiji's TPO's use mostly Australian standards as the FTSQCO signed a Memorandum of Understanding with Standards Australia International in 1998 providing the opportunity to adopt and modify Australian Standards as Fiji Standards.

The World Trade Organization's (WTO) Agreement on Technical Barriers to Trade (TBT) explicitly recognizes that international standards play a critical role in improving industrial efficiency and facilitating world trade.

V. CONCLUSION

As already mentioned standards play a crucial role in Trade as they determine the quality of items traded and clarifying some of the terms on which trade is facilitated. Fiji is aware of the need to have proper infrastructure and framework for TPO's and NSB's to coordinate the mechanics of Trade in the country.

In the first quarter alone this year, the FTSQCO has carried out amongst others work on the National Diesel Standard, Market Survey on dangerous goods, safety standard for hot water bottles mini cup jellies, etc. Currently they are reviewing some of the standards mainly on building materials.

Consumers are the most vulnerable in Trade agreements as they are the end of the supply chain and need to be protected. A collaboration between NSB's and TPO's under the standards and conformance infrastructure will prevent the manipulation of consumers through exposure to cheap and low quality goods. Conformance to international standards is vital to the upgrade of local standards. The main challenge for a developing country like Fiji is the costs involved in upgrading the domestic standard to that of the international standard. Nevertheless the concerned authorities are aware that these costs are only short term and once the standards have been upgraded then the benefits are more for the long term.

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