



# The importance of global trade

**International trade is the exchange of capital, goods and services across international borders or territories.**

Globalization means that we all enjoy and rely on a vast number and range of products and services supplied from overseas. Most of us would find it impossible to imagine, let alone survive, in a world in which our choice of goods and services was limited to those produced within the country in which we live.

Every year sees an increase in global trade figures which now run into many trillions of dollars. International trade represents a large share of the gross domestic product of most countries. Supporting the continued movement of capital, goods and services between countries is therefore of huge importance not only to the health and wellbeing of individuals but also to the economic health of entire nations around the globe.



## What are the issues?

As international trade has grown, so too has the number of national and international voluntary and mandatory technical regulations, standards, testing, inspection and certification procedures across all market sectors which apply to samples, products, services, management systems or personnel.

Generally, these are introduced to meet the legitimate requirements of quality and safety that consumers, businesses, regulators and other organisations demand in the case of goods and services, whatever their country of origin.

It is vital, not only for individuals and organisations but for national and international economic health, that products and services can cross borders to meet global demand without causing undue risk to the health and security of individuals or the environment.

But in these challenging economic conditions, it is also vital that regulations and standards—which can vary from country to country—are not prohibitively costly or burdensome to businesses and that they do not represent technical barriers either to domestic markets or to export opportunities.



## What is the role of accreditation?

Operating in the public interest across all market sectors, accreditation determines the technical competence, reliability and integrity of conformity assessment bodies. There are organisations that check conformity and compliance with standards and regulations through testing, verification, inspection and calibration. Accreditation works through a process of transparent and impartial evaluation of these organisations against internationally recognised standards and other requirements.

80% (USD\$4 trillion annually) of world trade involves some level of conformity assessment<sup>1</sup> which, when used effectively, enhances competitiveness by offering proof that products and services adhere to the requirements of governments and the marketplace. It facilitates international trade and contributes to inclusive economic growth, access to opportunities for SMEs, and a level playing field for developing economies.

Research from organisations such as OECD, UNIDO and the World Bank confirms that this framework, supported by multilateral mutual recognition agreements, has a positive impact on trade in the developed world and can unlock the trading potential of developing economies. UNECE has published trade recommendations to encourage national authorities to

base their regulations on international standards and accreditation. UNIDO has also published information to demonstrate how standards and accreditation can support the achievement of the United Nations' sustainable development goals (SDGs).<sup>2</sup>

Accredited conformity assessment is one tool that is helping businesses not only to comply efficiently and effectively with regulations and standards around the globe but also to gain competitive advantage from doing so and to expand into new markets, including those overseas.

It is the primary purpose of both ILAC (in the accreditation of laboratories and inspection bodies) and IAF (in the accreditation of management systems, products, services and personnel) to establish multilateral arrangements between their member accreditation bodies based on mutual evaluation and acceptance of each other's accreditation systems.

In this way the acceptance of products and services across national borders is made easier by removing the need for them to undergo additional tests, inspections or certification in each country into which they are sold.

<sup>1</sup> Source OECD

<sup>2</sup> See <http://www.publicsectorassurance.org/topic-areas/trade/#research-tab>

## What benefit does accreditation provide?

### For national authorities and regulators

With confidence in the conformity assessment process underpinned by accreditation, standards can be used to support a lighter lower monitoring to regulation, which in turn means that businesses spend less time tied up with bureaucracy.

Multilateral arrangements between national accreditation bodies have also helped make accreditation an internationally-recognised 'stamp of approval' to demonstrate compliance against agreed standards and requirements. These arrangements provide governments and regulators with a credible and robust framework on which to further develop and enhance government-to-government bilateral and multilateral international trade agreements.

Case studies and research to highlight the benefits in the food sector can be found on Public Sector Assurance – [www.publicsectorassurance.org/topic-areas/trade](http://www.publicsectorassurance.org/topic-areas/trade)

### For consumers

International accreditation agreements help increase the choice and range of goods and services available on the market and help to ensure that these meet relevant standards of quality and safety, whatever their country of origin.

### For businesses

Holding accredited conformity assessment results shows credible evidence of conformance with national and international standards and regulations which can differentiate a business from its competitors.

As accreditation is recognised internationally, it can open doors overseas equally as well as those in the domestic market. Indeed, an increasing number of organisations in both the public and private sectors in domestic markets and overseas are specifying accredited testing, inspection or certification as a precondition to tendering for contracts.

Accredited conformity assessment can also contribute to the operational efficiency of businesses in other ways, saving time and money by reducing bureaucracy and by helping with risk management and key aspects of decision-making. For instance, it can be used as a basis on which to make efficient and informed choices about domestic suppliers and it promotes confidence in imports from other countries. It can also demonstrate due diligence in the event of legal action.

Case studies to demonstrate the value of accredited conformity assessment can be found on [www.business-benefits.org](http://www.business-benefits.org)

## About ILAC

ILAC is the international authority on laboratory and inspection accreditation, with a membership consisting of accreditation bodies and affiliated organisations throughout the world. Its website at [www.ilac.org](http://www.ilac.org) can provide a range of information on laboratory and inspection accreditation, as well as the location of its members world-wide.

ILAC promotes the increased use and acceptance by industry as well as government of the results from accredited laboratories and inspection bodies, including results from accredited organisations in other countries.

ILAC liaises with many international bodies and stakeholders to achieve shared objectives.

## About IAF

The International Accreditation Forum (IAF) is a global association of Accreditation Bodies, certification Body Associations and other organisations involved in conformity assessment activities in a variety of fields including management systems, products, services and personnel.

IAF promotes the worldwide acceptance, of certificates of conformity issued by certification bodies accredited by an Accreditation Body Member, and seeks to add value for all stakeholders through its activities and programs.



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