Dear Reader,

One of my priorities as Minister of Economy and Trade over the past two years has been to significantly boost the services the Ministry offers to both consumers and producers.

This has been guided by the need to both create and enforce regulations that affect nearly every aspect of our lives. From the safety of the food we eat, to the quality of the products we manufacture and consume, the twin issues of standards and technical regulations are undoubtedly a vital area to focus our efforts.

Our success can be partially measured by some of our recent achievements. For example, the Ministry’s Consumer Protection Directorate (CPD) has vastly expanded its capacity by adding nearly 200 inspectors, including senior-level technical experts. CPD can now respond to consumer complaints on product quality (including defective and expired goods) and inadequate services (such as at restaurants), amongst other issues, more quickly and decisively than before.

On the production side, our Quality Unit, through QUALEB—the European Union funded Quality Programme, has made remarkable strides in strengthening what is known as the national quality infrastructure. Our key partner in this effort, the European Commission, has supported us with extensive technical assistance. This covered the accreditation of testing and calibration labs, as well as the certification of companies and national quality related institutions for compliance with internationally-recognized standards and practices.

In addition to helping us meet our safety and quality needs, adopting and implementing product standards and technical regulations are also key part of our accession to the World Trade Organization (WTO).

This is, indeed, the real side of our economic integration: as we bring our own standards in conformity with global and regional standards, we increase our trade activity and ensure that both locally produced and imported foods are safe for consumption. A noticeable and significant increase in exports of Lebanese food products over the past three years are a direct benefit of this harmonization.

Articles in this quarter’s edition will introduce Lebanon’s efforts to accede to the WTO’s Agreement on Technical Barriers to Trade (TBT). In practical terms, joining entails the passing of two draft laws: the Law on Technical Regulations, and the Law on Standardization. A third and critical draft law is the Food Safety Law, which is already in the process of discussion at Parliament.

We remain committed to collaborating with our partners in other ministries, government agencies and Parliament, amongst other stakeholders, to ensure that we reach our main objective: improving and organizing our capacity as a government to oversee that our consumers are protected and our producers, distributors and other operators are meeting food safety and other product standards. Achieving consensus on this latter point easily translates to meeting one of the key conditions of joining the World Trade Organization (i.e. joining the TBT Agreement). As such, I expect that our accession process to be concluded in earnest.

We are always interested in hearing back from you with any thoughts on the content presented in this newsletter. In the mean time, thank you for reading.

Sincerely,
Mohammad Safadi
Minister of Economy and Trade

In this Issue

- Introduction .........................................................1
  • Introduction by H.E. the Minister of Economy and Trade
- Briefings ..............................................................2
  • The Role of Technical Regulations in International Trade
  • The TBT Legislative Framework in Lebanon
- Interviews .............................................................4
  • Dr. Ali Berro. Director of the Quality Program at the Ministry of Economy and Trade
- Guest Column .......................................................7
  • Dr. Hussein Dib. From Traditional to Modern: Lebanon’s Food Safety Regime in Transition
- Sector Reports ......................................................10
  • The Non-Tariff Measure Inventory Exercise for Lebanon: An Overview
  • LiBNOR: Enhancing Industry…and Quality of Life
- Development Showcase ..........................................12
  • Tools to Make it Easier For Lebanese Exporters to Access European Market
The Role of Technical Regulations in International Trade

With standards of living improving worldwide, consumers are increasingly demanding safer and higher quality products. This coincides with growing challenges from problems in water, air, and soil pollution. Many countries are, in response, placing greater emphasis on the production and importation of more environmentally-friendly products (See TDN Issue # 3). Governments, meanwhile, are boosting their regulatory policy by adopting an increasing number of technical regulations and standards.

This gives rise to a situation whereby both national producers and foreign exporters must modify their production processes to meet these standards. Such steps naturally incur costs for producers and, according to the World Trade Organization (WTO), they usually stem from activities such as the translation of foreign regulations, hiring of technical experts to explain foreign regulations, and the adjustment of production facilities to comply with the requirements. There is, moreover, a need to prove that the exported product meets the regulations—a process also known as conformity assessment. In sum, the high costs involved may discourage manufacturers from trying to sell abroad.

For instance, Lebanese producers regularly face difficulty in meeting high standards when exporting to European and other markets. However, there is a concerted effort within the Ministry of Economy and Trade (MoET) and other affiliated public and private agencies to facilitate access (See interview with Dr. Ali Berro). For instance, Lebanon’s agro-food products face a 17.71 shipment rejection per USD 100 mil of agro-food exports destined to the European Union and the United States. This represents an 8% decrease from the 2007 shipment rejection level of 18.33.

With such potential for economic impact on domestic producers, it is crucial that an international system ensures that standards are not adopted to unfairly protect domestic producers, and that such standards are applied in a systematic way. Such a system exists as an integral part of the key multilateral trade regime, and falls within the WTO’s Agreement on Technical Barriers to Trade (TBT). This article explains the concepts and principles underlying the TBT Agreement and provides a picture of how they apply in Lebanon.

Technical barriers can take the shape of either a technical regulation or a standard. In both cases, they provide the specific characteristics of a product, such as its size, shape, design, functions and performance, or the way it is labeled or packaged before it is placed on sale. And in some cases there are specific regulations and standards concerning the way the product is produced. The main difference between a standard and a technical regulation is compliance: Technical regulations are mandatory, whereas standards are voluntary in the legal sense. TBT’s may also arise from the technical procedures (testing, verification, inspection, and certification) used to ascertain whether a product fulfills the technical regulation or standards.

Since exporters will need to bear the cost of these procedures, there are often instances where non-transparent and discriminatory conformity assessment procedures can effectively become tools to (unfairly) protect trade, as explained below.

TBT Principles

The WTO’s TBT Agreement affirms the right of countries to enact technical regulations and standards that aim to protect the health or life of humans, animals, or plants, the environment, national security, and to prevent deceptive practices. All products, including industrial and agricultural products, fall within scope of the TBT Agreement. However, regulations specific to risks arising from food, animal or plant originated diseases and pests, are subject to the Agreement on Sanitary and Phytosanitary (SPS) Measures (See TDN Issue # 2).

No Limitation to Trade

While a country has the right to issue technical regulations and standards, this is limited by the Agreement’s requirement that such regulations “are not prepared, adopted or applied with a view to, or with the effect of, creating unnecessary obstacles to trade.” A regulation can end up being a restriction to trade when its objective can be achieved by an alternative and less restrictive measure. Similarly, a conformity assessment procedure can be deemed to be trade restrictive if it prescribes stricter or more time consuming measures than necessary.

MFN and National Treatment

The two fundamental obligations of Most Favored Nation and national treatment (See TDN Issue 0) that are enshrined in the WTO’s core agreements also apply in this case. The TBT Agreement specifies that, “In respect of their technical regulations, products imported from the territory of any (WTO) Member be accorded treatment no less favorable than that accorded to like products of national origin and to like products originating in any other country.” The same obligations apply to conformity assessment procedures.

Transparency

Another key obligation of the TBT Agreement is the transparency requirement which is met through a mechanism for countries to notify and receive information known as the national enquiry point. In Lebanon, the Lebanese Standards Institution (LIBNOR) will play this role. Meanwhile the Agreement encourages WTO members to harmonize their standards, to the extent possible, with global standards, and to enter into international standardizing bodies to ensure national interests are represented.

Looking to learn more about the WTO and its various agreements? The WTO Unit invites you to take part in an online training program offered frequently through the WTO Secretariat’s e.Training program. More info on upcoming courses can be obtained through http://etraining.wto.org

To register for any course, please contact Ms. Lama Oueijan for endorsement:loueijan@economy.gov.lb
The TBT Legislative Framework in Lebanon

For the last decade, Lebanon has embarked upon the upgrading of its national quality and standards framework. This has helped reach two main goals on both international and national levels:

• Facilitate Lebanon’s international market access strategy, and;
• Put in place national food and non-food safety measures

This process forms a key step in Lebanon’s accession process to the World Trade Organization (WTO), mainly in aligning national laws to global agreements on technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS). This article will provide an overview of this process.

Lebanon’s quality related legal infrastructure is a result of a worldwide vision towards quality, which increasingly requires better production standards for export-oriented products based on globally set rules.

The main coordinating body for this process has been the Ministry of Economy and Trade’s Quality Programme—QUALEB, whose work has been funded primarily by the European Union.

QUALEB has worked on strengthening quality management, capabilities and infrastructure in Lebanon which have resulted, inter alia, in the drafting and/or amending of a set of quality related laws/regulations in the areas of food safety, accreditation, standardization, technical regulations, conformity assessment, metrology and market surveillance. Combined, these initiatives contribute to building the main pillars of quality. The underlying objective has been to improve quality and upgrade the standards of services and products by focusing on production operations.

The importance of this set of draft laws also resides in the need to create a framework for fair competition within local markets. The pillars of Lebanon’s TBT related framework are two draft laws currently under review: the Technical Regulations and Conformity Assessment Procedures Draft Law and, the Standardization Draft Law.

Once these draft texts enter into force, their respective implementing decrees will be proposed to the Council of Ministers, to guarantee complete enforcement.

Technical Regulations and Conformity Assessment Procedures Draft Law

In brief, this draft law was approved by the Council of Ministers in September 2010 and subsequently transferred to Parliament for discussion and enactment. The draft identifies the procedures needed to adopt technical regulations and how to assess conformity based on these regulations. The draft law also lays out the responsibilities of economic operators that place products on the market.

The proposed law also foresees the establishment of a National Committee on Technical Regulations to be composed of representatives from both the public and private sectors. Their mandate will include the studying and approving of proposed regulations submitted by relevant ministries.

Other elements of the draft law would enable competent authorities to regulate the following components involved in placing certain products, or families of products, on the market and/or in service:

• Technical requirements;
• Obligations of economic operators, including the manufacturer, the importer, the distributor and the authorised representative;
• Procedures for assessing conformity of a product with prescribed requirements;
• Declaration of conformity;
• Technical regulations related conformity marks;
• Technical documentation (e.g. certificates, declarations, etc…) that must be made available to the relevant authorities for approval; and,
• Sanctions in case of infringements.

Once approved, this law will also provide for the validity of conformity and conformity marks documents issued abroad. However, it excludes the regulation of technical requirements and conformity assessment procedures for products subject to special laws.

Standardization Draft Law

This draft law will soon be proposed to the Council of Ministers. Its purpose will be to amend the existing 1962 law and implement national standards that adhere to the latest developments in the field of standardization. This draft law sets forth:

• The principles and major objectives of national standards;
• The procedures for drafting, adopting, implementing, revising, publishing and withdrawing national standards;
• The provisions related to the activities, responsibilities and financial resources of LIBNOR – the Lebanese Standards Institution;
The Ministry of Economy and Trade

Director of the Quality Program at the Council of Ministers and the Parliament.

may be defined as the totality of features and characteristics of a product or service that impacts on its ability to satisfy a given need or requirement. Depending on your point of view, it may be described as the product’s “fitness for purpose” or, for example, as some consumers would term it, the “value for money.” According to the main international standards-setting body, the International Organization for Standardization (ISO), quality is a characteristic that a product or service must have; a “quality product,” or quality service, is one that meets the needs and expectations of its customers.

Finally, there remains the issue of implementing and properly enforcing the provisions of TBT related legislation, once enacted by the Council of Ministers and the Parliament.

Glossary

Technical regulation
A document which lays down product or service characteristics or their related processes or production methods, or lays down procedures for testing and analysis, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, measurements, dimensions, marking or labelling requirements, or procedures of a specific practice or system or applied administrative procedures.

Standard
A document, established by consensus and approved by a recognised standards body that provides, for common and repeated use, rules, guidelines or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context. A standard may lay down the characteristics, the performance, or production methods of a specific product or service, or procedures for testing and analysis. It may also set fourth terminology, symbols, measurements, dimensions, and marking or labelling requirements, or procedures of a specific practice or system.

Conformity Assessment Procedure
Any procedure used, directly or indirectly, to determine that relevant requirements in technical regulations or standards are fulfilled. The conformity assessment procedures include, inter alia, procedures for sampling, testing and inspection, evaluation, verification and assurance of conformity, registration, accreditation and approval, as well as their combination.

Interview with Dr. Ali Berro, Director of the Quality Program at the Ministry of Economy and Trade

Trade and Development Newsletter: What does quality mean? What are the components of a national quality infrastructure, or the quality chain?

Ali Berro: There is no single agreed upon definition for quality. However, the term may be defined as the totality of features and characteristics of a product or service that impacts on its ability to satisfy a given need or requirement. Depending on your point of view, it may be described as the product’s “fitness for purpose” or, for example, as some consumers would term it, the “value for money.” According to the main international standards-setting body, the International Organization for Standardization (ISO), quality is a characteristic that a product or service must have; a “quality product,” or quality service, is one that meets the needs and expectations of its customers.

The main pillars of a national quality infrastructure include standardization, metrology, testing, accreditation, certification, and market surveillance. Moreover, such an infrastructure is normally associated with conformity assessment, quality management, assurance and control, as well as quality marks and labels, amongst other similar concepts.

TDN: Why is improving quality relevant to Lebanon’s producers, traders and consumers?

AB: With globalization and its resulting trends in current world markets, the standard of competition is in quality. Indeed, both producers and traders increasingly require guarantees for the quality of their products and services in order to compete. All producers and traders should be in a position to provide guaranteed quality for their goods and services on a consistent basis. This is why all businesses and public organizations need to set up quality systems that would address both the goal of creating an enabling environment for setting and enforcing standards, as well as safety, environmental and social responsibility concerns.

Moreover, consumers are becoming increasingly aware and attuned to quality concerns rather than being only price sensitive. Consequently, they deem safety as a particularly important aspect in the quality of the products and services they are buying. Consumers measure quality relative to their expectations, and the value they receive based on the amount of money they pay. Therefore, rating the quality of products and services varies from one consumer cluster to another. Variables include purchasing power and the nature of the product or service.

TDN: How would you describe Lebanon’s quality infrastructure as it currently exists? What have been the accomplishments and what remains to be done?

AB: There is no doubt that Lebanon’s quality infrastructure has been strengthened and developed quite remarkably at a national level and during the last five to six years. Thanks to the continuous support of the European Community and its Delegation to Lebanon, the guidance and trust of H.E. Minister Mohammad Safadi, and to the relentless efforts of the QUALEB team.

However, the Lebanese quality infrastructure still has a long way to go simply because quality issues are dynamic by their very nature. Consequently, there is an ongoing need for this infrastructure to be developed and upgraded to cope with the rapid changes at the global level.
Established in 2004, and complemented by a number of initiatives at the MoET and other public agencies, some of QUALEB’s major accomplishments include:

- **Completing a set of draft regulations** (laws and decrees) in different quality related areas such as: Standardisation, Metrology, Technical Regulations and Conformity Assessment, COLIBAC Law amendments, four internal decrees (or by-laws) for COLIBAC, Food Safety draft law (in cooperation with UNIDO), and the National Quality Council draft decree.

- **Supporting 16 national testing and calibration laboratories** with equipment, consultancy and training to obtain international accreditation. As a result, five laboratories have already completed this process, and another three labs are expected to become accredited during this year, while the other labs will soon follow.

- **Supporting 50 enterprises, free-of-charge, in their adoption of quality management systems and to become ISO certified.** As a result, 38 enterprises obtained ISO certification, half of which in Food Safety Management Systems (ISO 22000) and another half in Quality Management Systems (ISO 9001). Many of the companies were able to increase their exports and to penetrate new markets. QUALEB also helped two public sector entities became ISO 9001 certified for the first time in Lebanon. Those include the Quality Unit at MoET and the Lebanese Standards Institution, (LIBNOR).

- **Facilitating several peer agencies to gain accreditation and/or building capacity in a variety of inspection and certification issues.** For instance, QUALEB worked with LIBNOR to restructure and gain full membership within ISO, as well as an affiliation membership with the European Standards Committee (CEN). The support included other agencies, such as the Lebanese Accreditation Council (COLIBAC) at the Ministry of Industry, the MoET’s Consumer Protection Directorate and five conformity assessment bodies.

- **A quality awareness campaign,** for which QUALEB produced, issued and distributed introductory guides on quality related topics, which are available gratis and publicy. These were complemented by other publications, awareness seminars and presentations aimed at academic, vocational and professional audiences.

**TDN:** What do you see as the link between Lebanon’s accession to the WTO and establishing a world-class quality infrastructure?

**AB:** Lebanon’s accession to the WTO is an incentive for the country to improve its overall legislative framework and infrastructure, and the quality field in particular.

Developing countries, such as Lebanon, risk a decline in their share of world trade if improvements in their products and services, through quality systems, processes and procedures, lag behind the development level of the quality infrastructure found in developed countries.
Interviews

Through international technical support, mainly that which was provided by the European Union, Lebanon is on the right track to fulfilling most of the quality-related WTO requirements in terms of standards, technical regulations and conformity assessment procedures, etc.

TDN: Finally, meeting international standards can often become a costly activity for producers. What are some of the steps that the Ministry and/or QUALEB are taking to make this more accessible, either on a financial or an awareness basis, for a broader group of businesses?

A.B: Certainly there are specific costs embedded in embracing quality. But, it is important to acknowledge that introducing quality management systems to a business operation will yield lucrative results in terms of added value related to higher quality products and services, increasing production and exports and reducing rejections and waste, expanding access to international markets, etc.

In fact, the benefits from adopting quality systems in operations and conforming to international standards outweigh the costs by far. MoET through QUALEB has introduced some important free of charge initiatives to the business community, which serve the purpose of informing and encouraging them to adopt quality management systems in their operations. Among such initiatives were the Lebanese Excellence Award, the ISO certification project, intensive training modules, consultancy services through highly qualified EU and local experts, and the publication, in Arab and English, and wide distribution of guides and other types of information.

From Traditional to Modern: Lebanon’s Food Safety Regime in Transition

By Dr. Hussein Dib

Food safety has attracted the attention of a great deal of research and development initiatives worldwide, particularly those dealing with hygienic requirements, manufacturing practices, additives and contamination. Although food quality is a relative concept and is composed of numerous elements, it remains a key area where compromises are not acceptable. The safety of food is directly related to a country’s socioeconomic development and its consumer protection laws. This article will look at the components of such a regime in Lebanon.

The Importance of Modernizing Food Safety

The increasing global visibility and prominence of food safety issues in the areas of international trade and consumer protection has led countries to consolidate their systems into a more effective approach. An effective food safety regime should be designed to manage risks associated with the spread of plant and animal pests and diseases, as well as the incidence of microbial pathogens, or contaminants, in food. Accordingly, the concept is interpreted in terms of standards and norms, whether mandatory or not, and sometimes used as a measure to protect trade.

A national food chain control system must be based on risk analysis. The traditional system of administering food safety typically relies on end-product inspection. This results in a high cost of control and a wide miss-out of commodities; such a process is inefficient and unreliable. A modern approach, however, is risk-based and has been proven to be more effective, leading to wider adaptation throughout the international community. This latter approach takes up the system rather than just the product: any ingredient or element that enters into the system flow will be automatically controlled. Of utmost importance, therefore, is to define the boundaries of such a system in terms of critical limits for a product, ingredient, or other elements, such as a food handler.

An Increasing Need for Better Food Safety Control

Lebanese food exports witnessed tremendous growth during the 2005 to 2010 period (see Figure 1). This was mainly due to the effective following through in updating the food production control system to conform to the requirements of overseas export markets. Food exports rose in particular to the EU, Arab markets, USA and Canada. Yet major constraints underlie the institutional response of Lebanese authorities.

On the other hand, for the size of the Lebanese economy, the quantity and diversity of food imports are impressive. Food imports range from basic food categories to the finest foods, wines and spirits. For 2006, total food imports were estimated at US$1.3 billion (14% of total imports), compared to total food export estimated at US$ 261 million for the same year. Top ten imported products are live bovine animals, cheese, meat, wheat (Durum), food preparations, sugar, milk powder, maize, oil and coffee. (Source: Lebanese Customs)

<table>
<thead>
<tr>
<th>Lebanese food exports in USD mil</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA &amp; Canada</td>
</tr>
<tr>
<td>2008</td>
</tr>
<tr>
<td>2007</td>
</tr>
<tr>
<td>2006</td>
</tr>
<tr>
<td>2005</td>
</tr>
</tbody>
</table>

Figure 1. Source: UNIDO, 2009. Technical Barriers to Trade
Guest Column

The State of Food Administration

Lebanon is in an early state of transition, shifting from the traditional into the modern risk-based approach. The proposed new draft food safety law is a milestone achievement in this regard, though the proposal is still under discussion and not yet endorsed by Parliament. Therefore, the overwhelming characteristics of the Lebanese food safety and control system are still of a traditional type. For instance, the bureaucratic processes involved are in an early transitional process and require a lot of time and many steps. Much effort still needs to be applied towards understanding the more modern concept, developing effective policy strategies, and efficient program delivery. This should be complemented by intensive education, awareness, and training programs. Serious, hard and sustainable work is needed to meet such requirements.

There is tight competition within the Lebanese market for food, which is characterized by a marked shift in consumption patterns towards relying on imported products and commodities. 70% of Lebanon’s food needs are satisfied by imports. This can become unsustainable if government does not take serious steps towards the advancement of establishing stable and sustainable food safety and control system.

This latter trend is coinciding with the increasing focus on and concern with contaminated commodities in Lebanon. However, these accusations are not backed by firm scientific evidence, and the media is playing an important role in their exaggeration. To date there is no real scientific proof that locally produced foods are contaminated. Imported food products are more effectively monitored through a food control system managed by the international community, particularly for lesser developed countries. This is often based on certification processes and international agreements, which have proven to be effective. This is why Lebanon’s new and existing bilateral trade agreements must take heed to the global framework set out by the WTO’s SPS and TBT agreements.

Essential Elements of an Effective Regime

In preparation for the enactment of the TBT and SPS agreements, Lebanon has been issuing and updating national standards to meet international criteria. Significant constraints arise due to political, technical and other reasons. The private sector has been primarily responsible for upgrading its own quality capacities for food production.

Unlike new food laws and legislation, existing regulations do not clearly define the division of authority amongst the ministries and other agencies that are responsible for food chain control. As a result, the existing official control system is complex, fragmented, and characterized by overlapping competencies and a duplication of controls carried out by different inspection services. There is a need to restructure the division of work, and to instil a more effective system of communication and co-ordination among the food chain inspectorates at the levels of the national government, municipality and border authorities.

The legislative framework influences the efficiency, effectiveness and economic aspects of monitoring and surveillance, and the food industry, more generally. On the other hand, the development of secondary legislation (through decrees and ministerial decisions) ensures safety throughout the food supply chain and the establishment of an integrated, effective and ec-
Guest Column

Concern with food safety standards

There is growing concern within the international development community that standards will undermine the level of competitiveness already reached by some developing countries, including Lebanon, to enter into the high value food trade by presenting insurmountable barriers to new entrants. Particular concerns include the following:

- Emerging food safety and agricultural health measures will be applied in a discriminatory manner;
- Countries such as Lebanon, lack administrative, technical, and other capacities to comply with new or more stringent requirements;
- The cost incurred to reach compliance will undermine the comparative advantage of Lebanon in high value-added food trade;
- Institutional weaknesses and compliance costs will further marginalize weaker economic players, including smaller countries, such as Lebanon, enterprises and farmers; and,
- Inadequate support is available for capacity building in this area, despite provisions made in the WTO agreement on the application of sanitary and phytosanitary measures.

Inspection vs. Certification

Inspection is the examination of food or systems for control of food, raw materials, processing and distribution, including in-process and finished product testing, in order to verify that they conform to requirements. However, certification is the procedure by which official certification and other recognized bodies provide assurance that foods, or food control systems, conform to relevant requirements. Certification of food may be, as appropriate, based on a range of inspection activities which may include continuous on-line inspection, auditing of quality assurance systems, and examination of finished products.

Thus, certification is a process carried out to verify that inspection activities have proven the conformity of a food establishment with agreed upon food safety management system. This system is normally endorsed by adequate legislative framework. The general integrated module can be illustrated as follows:

Dr. Hussein Dib is Professor of Food Safety and Quality at the Lebanese University.

Food safety site visit
Official inspection and/or certification systems are then governed by generated prescribed standards which are based on risk analysis to establish the following:

- Adequate legislation
- Independence
- Impartiality
- Integrity

This illustrates how food safety and control issues are interrelated and integrated and necessitate the establishment of strong and adequate legislative base within one major orbit: the food safety law.

The private sector, particularly industrialists, is aware of this fact and thus their investment is noticeable in this respect. Food safety and related issues are receiving about 49% of investment, where highest investment was recorded for product design. Surveys have shown that food manufacturers are effectively by-passing constraints mainly price competition which has been reduced from 61% in 2004 to 11% in 2008. Therefore, the Lebanese Government should provide all necessary support to facilitate establishing a comprehensive food control system especially legislative base and relevant infrastructure.

The only available cross country database on NTMs is the U.N. Conference on Trade and Development’s (UNCTAD) Trade Analysis and Information System (TRAINS) tool. But the use of this UNCTAD database is very limited for two reasons. First, it has not been updated since 2001. Second, the data is based on an obsolete classification, or understanding of these measures, which does not adequately cover new forms of NTMs. There is an urgent need, therefore, for a common international NTM classification and methodology to systematically collect and disseminate data on these measures.

To address these needs, in 2006 UNCTAD created a working group and later a Multi-Agency Support Team (MAST) that was composed of representatives of key U.N. agencies, such as UNCTAD, the Food and Agriculture Organization (FAO), the International Monetary Fund, the International Trade Centre (ITC), the Organization for Economic Cooperation and Development (OECD), the World Bank, the U.N. Industrial Development Organization (UNIDO), and the WTO as members, with the European Communities, U.S. Department of Agriculture and the U.S. International Trade Commission as observers.

As a result, a new and updated classification of NTMs has been available since August 2009. However, collecting data on NTMs remains a difficult step and requires considerable effort. Accordingly, the World Bank, ITC, UNCTAD, and the WTO have launched an initiative to collect and disseminate data, provide capacity building, and analyze the impact of NTMs on international trade. The Forum Euroméditerranéen des Instituts de Sciences Économiques (FEMISE) has also been involved in this project for the Mediterranean area. The project will lead to better-informed policy and will foster dialogue on harmonization, streamlining, and reform. In the Mediterranean area, six countries are concerned: Egypt, Jordan, Lebanon, Morocco, Tunisia and Syria. This project involves the following tasks: Collecting NTM data and encoding them into this UNCTAD’s new classification of August 2009. Once collected and cleared, the data are to be posted on an international trade online database (http://wits.worldbank.org), alongside tariff data, and updated each year for each country.

What We Know So Far About the Impact of NTM’s on International Trade

What we know about the impact of NTM’s on international trade is drawn either from the investigation of UNCTAD-TRAINS data base and specific NTM data bases, or from firm interviews. In both cases all these analyses clearly show that NTMs have negative effects on trade. More precisely, the main results of these empirical studies are as follows (for a survey, see Carrère and De Melo, 2009).

1. NTMs are more restrictive than tariffs (i.e. NTMs measured in equivalent tariff (AVE) are higher than the observed tariffs at the product line level);
Sector Reports

(2) Low-income countries face more restrictive market access conditions, essentially because the agricultural products (for which there are the highest restrictive market access conditions at aggregate level), account for a significant share in their exports;
(3) NTMs systematically restrict bilateral trade volumes;
(4) Shared and harmonized standards, on the other hand, increase bilateral trade flows;
(5) The restrictiveness of technical regulations increases with income per capita;
(6) For exporters to developing countries, the main problem is the arbitrariness and non-transparency in the application of national regulatory measures. For exporters of developing countries to the EU, US and Japan markets, the major obstacle is the complexity and level of detail in the trade procedures, as for example testing requirements.

Preliminary Findings and Summary of Lebanon’s Measures

The NTM Inventory exercise for Lebanon has been implemented using the HS-2007 classification product at digit-8 level. Looking at the legislative framework in force in the various Ministries (Trade, Health, Economy and Trade, Environment, Energy and Water, etc.), this exercise has made it possible to identify more than 2,300 NTMs in force. These measures have been classified according to the updated UNCTAD 2009 classification system. The main findings are presented below.

Over the 16 broad NTM categories referenced in the new UNCTAD classification, the great bulk of Lebanese measures fall into one category, i.e. technical barriers to trade (TBT). These account for 57% of the total number of regulations. They apply at the multilateral level, i.e. to all countries. These measures mainly involve prohibition or authorization requirement, concerning a wide range of products, including foods, chemicals, pharmaceutical products, printed and/or published material, army clothes and footwear (including camouflage items), metals, telephones, electric cables, special transport equipment, etc. These measures are mainly justified by the Lebanese ministries for health and sanitary reasons (i.e. consumer protection) as well as environmental and security reasons. Protection of local production is also invoked for TBT reasons in special items (cables and wires, etc.).

In addition to prohibition or authorization requirement, the other TBT measures cover testing requirement (fertilizers, coloring material added into food, etc.) as well as certification, registration, labeling and inspection requirement for a limited number of products.

The second main NTM category corresponds to export related measures (ERMs). It accounts for about 24% of the overall regulations. They primarily include licensing or permit requirement to export concerning preparation of vegetable and fruit, mineral products, organic chemicals, pharmaceutical products, cosmetics, transportation, weapons as well as some clothing and footwear products for security reasons.

Sanitary and Phytosanitary Measures (SPSs) correspond to the last major NTM category in Lebanon. It includes about 11% of the total number of regulations. These measures mainly involve: i) geographical restrictions covering especially live animals and meat; ii) certification requirements for some meat and other food products; iii) labeling requirements (food products) as well as specific quarantine requirements (live animals). The other measures cover a limited number of items (special authorization, storage and transport conditions, testing requirement, processing history, etc.) and apply at a multilateral basis.

It is yet still difficult to compare NTMs in Lebanon to those in other countries, both because the product classification is not strictly the same and because this work is not yet completed in all countries. However, some partial comparison with Morocco and Syria suggests that the breakdown of the NTM regulations shows some similarities in these three countries, i.e. the main NTMs cover TBTs, SPSs and ERMs. More generally, it seems that NTMs are quite significant in MENA countries, especially TBTs. This is due first to the high number of regulations and second because calculations of Ad-Valorem Equivalents of NTBs in MENA countries are generally above average, as shown in a recent study (see Kee et al., 2009). This study suggests that except for Turkey which has significantly reduced its NTBs, the other MENA countries exhibit significant NTBs, especially in Algeria, Egypt and Morocco. In these three countries, NTBs amount for about 40% as tariff equivalent. Tunisia and Lebanon at an intermediate position, i.e. close to the world average (13%).

Hence, as a conclusion, several recommendations can be formulated.

First, given the detrimental welfare impact of NTMs when they are barriers to trade, MENA countries should work to reduce them as much as they can. When NTMs have a legitimate role, the aim should be to make them less restrictive. But in each country, those changes should be led with a deep knowledge of sectoral specificities. As with tariff liberalization, openness has positive effects for an economy when it eliminates or reduces rent situations (i.e. situations of monopoly or oligopoly). If the structure of a domestic market is characterized by the presence of mainly small producers who are operating under a certain number of constraints (financing, transport, etc.), then the risk of eliminating NTMs can lead to a drastic reduction in domestic production. As a result, it is important for policymakers to be cautious, and to base political decisions on specific impact analyses.

Second, technical barriers to trade can be reduced in Lebanon through making progress in obtaining mutual recognition or the adoption of EU technical regulations. This solution appears to be costly for MENA countries but it could be financed in the framework of the Neighbourhood Policy.

Third, the EU must also reduce its NTBs vis-à-vis products arriving from MENA countries since the EU tariff equivalent is also significant (13% according to Kee et al. study). One way to achieve this...
result could be to introduce NTMs, especially NTBs in future negotiations between the EU and its Mediterranean partners (extension of the Barcelona process). Additionally, the reduction of NTBs should remain a priority in WTO multilateral negotiations.

Patricia Augier is based at Université de la Méditerranée, DEFI and Nicolas Péridy is at Université du Sud Toulon-Var, LEAD

References:

LIBNOR: Enhancing Industry…and Quality of Life

Background
The Lebanese Standards Institution (LIBNOR) is a public entity that is attached to the Ministry of Industry. It was established by law (dated 23/7/1962) as the sole authority to issue, publish and amend Lebanese standards. The law also provides LIBNOR with the exclusive right to grant the Lebanese Conformity Mark (NL Mark). It was the first Lebanese public institution to implement a quality management system and to become certified according to the international standard ISO 9001:2008. Also known as the International Standard for Quality Management Systems, this certification confirms a particular agency’s consistency in delivering quality services.

LIBNOR’s main objective can be summarized in its quest to serve industry in all matters related to standards, certification and quality, which would, by extension, provide for a better quality of life for Lebanese consumers.

In fact, LIBNOR plays a key role in developing, through standardization, the quality of industrial products so that they may be competitive in domestic and international markets. This is significant in protecting consumers from unsafe products. LIBNOR aims to join and work with an increased number of international and regional standardization organizations and to deepen its participation within their activities. Doing so will ensure that the needs and specificities of Lebanese industry are upheld in international and regional standards.

LIBNOR is the Lebanese state member of the International Organization for Standardization (ISO) and the Arab Industrial Development and Mining Organization (AIDMO). It also serves as an affiliate member of the European Committee for Standardization (CEN) and the contact point of the Codex Alimentarius Commission in Lebanon.

The Institution actively participates in the ISO Technical Committees (TCs) that are of interest to the Lebanese stakeholders’ fields of business and the general public. Moreover, LIBNOR has signed memoranda of understanding with different countries, which typically enforce similar standards. These serve to coordinate and exchange expertise, information and training, as well as to increase the chances of Lebanese products entering those markets.

The Standards-Setting Process in Lebanon
LIBNOR follows an international standard setting process, whereby proposals typically emanate from one of the main international or regional standards organizations, and are then circulated amongst national institutions for feedback. Once approved at the international level, and based on national needs, these proposals are adopted as Lebanese standards based on the processes that comply with the requirements of Code of Good Practice of the TBT Agreement that LIBNOR has signed.

As a market-driven process, the principles guiding the development of Lebanese standards include consensus amongst a wide range of stakeholders, industry-wide applicability, and voluntariness of using the standard.

The main and essential instrument to adopt a standard is the Technical Committee, for which LIBNOR has adopted a new structure reflecting the ISO structure. This improved process will facilitate the participation of Lebanese stakeholders in international standard-setting activities. Technical Committees (TCs) are formed by representatives from the private and public sectors, universities, research centers, laboratories, NGOs and other
interested parties. Each Committee is composed of a chairman, secretary, and several members representing the stakeholders.

There are two types of TCs: the mirror TCs who work on the adoption of international or regional standards; and the national TCs who take up specific Lebanese standards. The participation of stakeholders is very important since they can express the point of view and the expertise of the parties they are representing. Additionally, input is solicited either during TC meetings or through comments on a standards proposal. Members of a mirror Committee can also participate in the meetings of the original international or regional TCs, and even vote on international standards.

Where international standards do not exist, especially for Lebanese products, LIBNOR follows another process to elaborate Lebanese standards: Technical Committee members draft the standard according to the outcomes of tests, research, and experiences, following which they discuss and hold a vote. Once approved, the new standard will be offered for public review for two months. After that period, if no scientifically proven objections to the draft standard are submitted, the LIBNOR Board of Directors will approve the proposal as a Lebanese standard.

LIBNOR was recently working on setting a standard for Lebanese bread. The institution received a request demanding that a standard on Lebanese bread be issued for there was numerous violations and disputes arising from the absence of such standard. The bakeries had no standard to follow and there were no restrictions or regulations to monitor their production—there was a lot of variation in key components such as humidity levels, additives, ingredients, etc. They were filing lawsuits against each other and the judicial system had no technical specifications, i.e. a standard, on which to base their judgment.

The standard was added to LIBNOR's work program and studies and research were assigned to NL TC 34/SC 4. This is the technical committee that is assigned for pulse and cereal products, and which was composed of representatives of different relevant ministries and public institutions, laboratories, bakeries and syndicates. The TC started discussing the properties that should be available in Lebanese bread until a consensus was reached and a final draft standard was approved. This document was placed under public review to ensure that all interested parties have the chance to study it and express any comments. Following the two-month period, LIBNOR's Board of Directors reviewed the propose draft and approved this as a Lebanese standard under the number NL 240 “Lebanese Bread”. Bakeries have now a reference document (NL 240) to turn to for safe and regulated bread.

With some basic information in hand about your product, you can log on to this free website to obtain essential information on exporting to the EU, organized in the following sections:

**Import Requirements and Taxes** This provides information on general requirements, such as documents needed for customs clearance, as well as more specific requirements on health control, marketing, labeling, technical standards, etc. Users can also know more about applicable VAT and other excise duties.

**Import Tariffs** While Lebanon benefits from preferential tariffs on most of its exports, these rates vary, and may be verified at the Helpdesk.

**Preferential Arrangements** Lebanese exporters can learn more about the documents needed to prove the Lebanese origin of their product in order to benefit from tariff preferences.

**Trade Statistics** Traders can discover whether and which EU market to target based on the trade flows of a particular product.

**Useful Contacts** The Export Helpdesk also provides links to EU customs authorities, EU chambers of commerce, trade and professional associations. Users may find useful links to business-to-business sites and business directories.

**Be on the lookout for the Arab version of the website soon!**