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ISO: International Standards for Services

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ISO: International Standards for services

The ISO Services strategy

When you think of the car you drive, the food you eat or the house you live in, you know intuitively that manufacturers and builders must meet certain standards to ensure your car doesn't break down on the highway, your food is safe to eat and your house doesn't suddenly collapse over your head. Why should it be any different for services? You need to be sure that your tax payments arrive on time to avoid paying a fine, that the water you drink complies with sanitary requirements, and that your scuba instructor has all the relevant certificates of competence to be able to teach. ISO's commitment to developing service standards is borne out by the ISO strategy for service standardization, which was adopted in 2016. Trade in services is expanding at a faster rate than trade in goods. Based on this observation, ISO anticipates that market demand for service standards will steadily increase and we want to make sure that the organization and its members will have the necessary tools and knowledge to respond to this demand, and to the challenges and opportunities it brings. Our mission? Raising ISO's profile as a provider of service standards while continuing to respond to market expectations and helping our members to do the same.

For those not familiar with ISO, we are a membership based network of national standards bodies that come together to develop International Standards ensuring products, processes and services are fit for purpose. ISO standards provide practical tools for tackling many of today's global challenges, bringing tangible benefits to business, society and the environment. ISO has already published more than 700 standards related to services in various sectors, including finance, business, brand valuation, customer contact centres, outsourcing, assessment services, IT services, marketing, network billing and many more.

International service standards – providing opportunities for increased trade, economic growth and development

The growing importance of the services sector in the global economy is not only a well-documented trend, it is also a powerful opportunity to leverage millions of jobs and encourage the creation of more innovative companies. According to World Trade Organization (WTO) statistics, trade in services represented 21% of world trade in 2014 for a total value of USD 4800 billion. What's more, despite global economic fluctuations, trade in services remained resilient, showing a steady growth of 5% in 2014 compared with a 0.5% increase in trade in goods. Although the services sector is most important in high-income countries (representing 72% of GDP in 2007), it also makes up a significant – and growing – percentage of GDP in both middle-(53%) and low-income (46%) countries¹.

With such clear trends on the horizon, government and industry alike are looking for ways to promote trade in services and reap the benefits that come with it. International service standards are just one tool that can help them to do this, because they give confidence that products are safe, compatible, and fit for purpose. They can also facilitate regulation of services at national level and provide governments

¹ World Bank, 2010, International trade in services: new trends and opportunities for developing countries, edited by Michael Engman ... [et al.], p.3.

with a convenient way to ensure they abide by their obligations under the WTO – namely, that any new regulations they introduce on services must not constitute unnecessary barriers to trade. Indeed, with an important part of trade costs being linked to service-related regulations,² the less restrictive a country becomes in terms of trade (reduction on non-tariff barriers, in particular), the easier/cheaper importation and especially exportation of products becomes. Basing regulations on International service standards not only helps states pursue their policy objectives through regulation without them being too restrictive, it also provides a presumption of conformity with WTO rules.

Services, however, are not just about economic growth; they are also the road to development. Increased trade in services has been correlated with poverty reduction, as it is a catalyst for job creation, in particular jobs for women in developing countries. International service standards are practical tools to help companies, organizations and governments meet the United Nations Sustainable Development Goals (SDG) targets. These ambitious targets aim to solve international challenges that have no national boundaries. What better way to tackle them than by using International Standards? To give just one example, ISO has a number of service standards that directly support SDG 6 on clean water and sanitation. Globally, over 80% of the wastewater generated by society flows back into the ecosystem without being treated or reused. ISO develops standards providing guidelines for service activities relating to drinking water supply systems, wastewater sewerage systems and water reuse (e.g. ISO 24510, ISO 16075). They help authorities to achieve a level of quality that best meets the expectations of consumers.

A closer look at the SDGs, also highlights the crucial role of public services and the urgent imperative for governments to improve and reform public utilities. There is no doubt that reforming and adapting public-sector services has its challenges as it means taking a number of socio-economic, environmental and political factors into consideration in the provision of services. Harnessing standards for trade and development must therefore take a realistic and inclusive approach that encourages actors from different countries and from the private and public sectors to work together.

Benefits of International Standards for services

In addition to the above, International Standards for services can:

- Be used for conformity assessment - to enhance confidence in services, increasing consumer trust
- Offer the same level of consumer protection whether applied in a mature or evolving economy
- Provide benchmarks for quality
- Reduce uncertainty and information asymmetries
- Improve comparability of services
- Increase transparency
- Provide business continuity for the service provider
- Ease mutual recognition (e.g. of qualifications)

Why ISO standards for services? Global relevance and good standardization practice

As an international organization which places stakeholder consultation at the core of its standards development process, ISO is uniquely positioned to develop standards that are inclusive and globally

² Nordås, H. K. and D. Rouzet, 2015, "The Impact of Services Trade Restrictiveness on Trade Flows: First Estimates", OECD Trade Policy Papers, No. 178, OECD Publishing.

relevant – addressing the needs of all stakeholder groups from developed and developing countries alike.

ISO's membership covers almost the entire globe, with more than three quarters of ISO's 163 members being developing countries. However, with the 'one country, one vote' principle, every country in the ISO system, whether large or small, has the same influence in the development of an international service standard. Through the 'Action Plan for developing countries 2016-2020', ISO also provides assistance to developing country members to build capacity, increase their participation in international standardization and fully exploit the value of standards. For example, many developing countries suffer from a weak national quality infrastructure (NQI), which can be a major impediment preventing their integration into regional and global markets, limiting the opportunities offered by trade, and hindering the ability to improve public welfare in vital areas such as health, safety and environmental protection. ISO supports developing countries to improve their NQI, which will help them in turn to better meet the SDG targets.

At the national level, ISO's members ensure participation in standards development from a wide range of stakeholder groups, including industry, government, consumers, labour, academic bodies, and NGOs. The resulting standards for services represent consensus between all interested parties at the expert and country level (double layer of consensus) and can therefore provide objective, substantial and neutral criteria for service provision, which is one of the main reasons why ISO standards are used by policy makers and companies worldwide.

Another reason is that ISO follows the code of good practice and six core principles for the development of international standards that were defined by the WTO members in the Technical Barriers to Trade Committee: transparency; openness; impartiality and consensus; effectiveness and relevance; coherence; and addressing the concerns of developing countries.

ISO's portfolio of International service standards

ISO currently has around 700 standards for services, although this is only about 3% of the ISO portfolio. ISO service standards cover a wide variety of sectors, with the largest number of standards being in the sectors of business, financial and tourism sectors. The list below gives examples of the types of service standards in ISO's catalogue, and the committees that develop them. For more details, you can consult the publication lists and work programmes of the ISO committees via the links below.

However, with the trend towards servitization, where services are increasingly being embodied in manufactured goods and traded as a "package", we are seeing more and more ISO committees in traditional sectors developing standards that can be used by industry to deliver performance-based services. As industries are moving from being more product-based to being more performance-based, the line between 'product standards' and 'service standards' is becoming more blurred. For example, ISO 19030, which defines a method for measuring changes in the hull and propeller performance of ships, has led to the servitization of paint and is changing the way ship manufacturers think. Paint companies are already using this standard to offer unique personalized contracts to customers. For a prescribed fee, they deliver a specific level of performance based on the standard. If the company fails to meet its promised performance, it charges less or nothing at all depending on the commercial model.

- **Business services** (including IT and security services, see [ISO/IEC JTC 1/SC 36](#), [ISO/IEC JTC/SC 40](#) and [ISO/TC 292](#))

- **Financial services** (including banking and insurance, see [ISO/TC 68](#))
- **Tourism and related services** (e.g. adventure tourism, diving, accommodation, sustainable tourism, see [ISO/TC 228](#))
- Educational services (e.g. language learning services, see [ISO/TC 232](#))
- Environmental services (e.g. water, sustainable procurement, environmental labelling and design, see [ISO/TC 207](#) and [ISO/TC 224](#))
- Transport and distribution services (e.g. intelligent transport systems – ITS service provision for travelers, see [ISO/TC 204](#))
- Health-related and social services (telehealth services, health and care services for ageing societies, see [ISO/TC 215](#) and [IWA 18](#))

Challenges of international standardization in the services sector

ISO has a portfolio of more than 21,000 international standards. However, as noted above, standards for services make up only a very small percentage of these. Given the economic importance of the services sector and growing international trade in services, why is this? For the most part, it is simply because standardization has historically been focused on products and processes and the rapid growth of trade in services is relatively recent. But despite the great potential of service standards to foster trade and development, there are some important challenges that ISO and its members must face in terms of increasing the profile of service standardization and identifying opportunities for the development of service standards.

Stakeholder engagement is perhaps the biggest of these challenges. It is important to note that ISO only develops standards based on marked need – the request for an international standard always comes to ISO because stakeholders in the sector are looking for a solution to a particular problem that a standard can provide. But in order for this to occur, stakeholders have to be aware of what standards are, the benefits they can offer, and how to get involved in the standardization system. The heterogeneity of the services sector and the high number of small and medium enterprises (SMEs) involved makes it more difficult for ISO members to engage with service sector stakeholders at national level. Since not all kinds of services are traded internationally, it is first a case of identifying which kinds of services can benefit most from standardization, and then raising awareness of the stakeholders involved about the benefits that standards can bring them. Sectors of interest may be different in developed versus developing countries, or may vary by region. In addition, because SMEs often have few resources and are not the traditional stakeholders of standardization organizations, they may perceive standards as too costly or as obstacles to be complied with rather than opportunities to get a competitive advantage.

The highly regulated nature of the sector is another challenge. While there is a need to free up barriers to market access and ensure compatibility/interoperability, governments also need to ensure that they meet their regulatory responsibilities, for example to promote competition and protect consumers. However, as each government determines their service sector regulations individually, this leads to a situation where diverse regulatory requirements act as obstacles to services trade. We need to move towards regulations being based on objective and transparent requirements. International Standards can help to achieve this, via their referencing in regulation... but the challenge lies with getting the regulators involved and convincing them of the benefits of using international service standards. Government stakeholders are typically hard to get on board partly because it is difficult to quantify the benefits of the standardization of government services, and partly because elected officials have finite mandates, so priorities in government are liable to change. Special investment and engagement on the part of standards bodies is required to overcome these challenges.

For more information on ISO's international service standards, see:

ISO's services microsite, which includes case studies on service standards in action,

<http://www.iso.org/sites/servicestandards/index.html>

The 2016 edition of ISO Focus magazine, on the service economy,

https://www.iso.org/isofocus_116.html