

SME EXPORT TALK

Standards & Certifications for Export

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Implemented by



INTRODUCTION

ARISE Plus Cambodia:

- Is co-funded by the European Union and the German Federal Ministry for Economic Cooperation and Development (BMZ).
- Is implemented by GIZ, the German Agency for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit).
- Aims to support greater connectivity and economic integration between Cambodia and the rest of ASEAN, by implementing the ASEAN Economic Community Blueprint 2025.

Among others, **ARISE Plus Cambodia** aims to assist **Cambodian SMEs in increasing and/or diversifying exports**. SMEs contribute greatly to job creation, new income opportunities and economic development in rural areas. Exporting is a possible solution to achieve the long-term sustainability of such enterprises. In this regard, the key for successful business is the ability to access reliable and accurate information, particularly with regards to export requirements and strategies. Therefore, together with EuroCham, ARISE Plus Cambodia is organising a series of information events, the **“SME Export Talk”**. These events will cover several topics related to exporting and SMEs, and will last until the end of 2022.

The content of the SME Export Talk includes, for instance: social media for SMEs, export opportunities in ASEAN, product/process quality standards, product branding, ASEAN Non-Tariff Measures (NTMs), effective business matching and negotiation, participating in trade fairs, third-party logistics and others.

DEFINITION OF QUALITY STANDARDS AND CERTIFICATION

Quality standards and certifications can be defined as requirements, specifications, guidelines, or characteristics that ensure that materials, products, processes, and services are fit for their purpose.

This general term is used to designate two main characteristics:

- Certifying the knowledge of individuals
- Certifying a company's system of quality management



QUALITY STANDARDS AND CERTIFICATIONS FOR SMEs



Quality standards and certifications are a great asset for SMEs, especially for those wishing to export, since obtaining them greatly **improves their ability to compete in the international** market. The most common ones are the general standards set forth by the **International Standards Organization (ISO)**.

Despite the costs, investments in standards and certifications are often rewarded, by enhancing the market competitiveness of SMEs, opening up new markets for export and meeting consumer expectations. Some of the advantages include:

1. FOR THE BUSINESS COMPETITIVENESS:

As a critical component of an SME's market competitiveness, the management of standards should be allocated priority alongside other aspects such as quality, safety, intellectual property, and environmental policies. Quality standards and certifications help lower costs by reducing redundancy, minimising errors, and reducing the time for the product to reach the market.



2. FOR EXPORTS

SMEs complying with quality standards and certifications see their products, services, and personnel cross borders, ensuring that products manufactured in one country can be sold and used in another.



3. FOR THE CONSUMERS:

Quality standards and certifications provide basic safeguards for consumers of products and services. (e.g. health requirements in food safety certifications). They also, on a secondary level, promote non-essential but desirable business practices such as fair trade or organic agriculture.



WHAT IS THE INTERNATIONAL ORGANISATION FOR STANDARDISATION (ISO)



ISO is an independent, non-governmental, international organization that develops standards to ensure the quality, safety, and efficiency of products, services, and systems. Today, ISO has 165 members which represents a global network of national standards bodies. The ISO members are the leading standards organizations in their countries. In this regards, there is only one member per country and is the representative of ISO. In Japan for instance, the Japanese Industrial Standards Committee managed by the Ministry of Economy, Trade and Industry represents ISO and has the mandate to participate and vote in ISO technical and policy meetings.



ISO is committed to support the implementation of the objectives of sustainable development goals (SDGs) since economic, environmental and societal dimensions are also addressed by ISO standards.

QUALITY STANDARDS AND CERTIFICATIONS DURING COVID-19

Many SMEs have been affected by the economic consequences of COVID-19. In this particular context, several quality standards and certifications have proved to be a great asset in managing during difficult times.



Standards for security and resilience

including business continuity management (e.g. ISO 22301, ISO 22395) and emergency management (e.g. ISO 22320, ISO 22316) have become evidently relevant. The further dissemination and application of such standards will be particularly important in the short-term but remain a priority in the medium-and long-term.

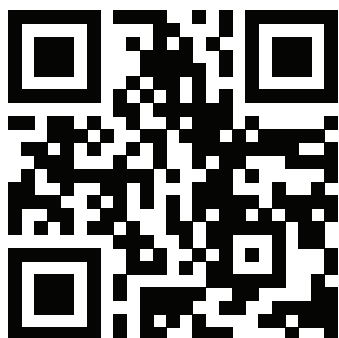
Management standards

(e.g. ISO 9001, ISO 13485) help to prepare for better managing crisis situations. Enterprises that have quality management systems in place are therefore better prepared to cope with the negative effects of the crisis.

Standards for risk management

(e.g. ISO 31000), serves as a guide for the design, implementation and maintenance of risk management.





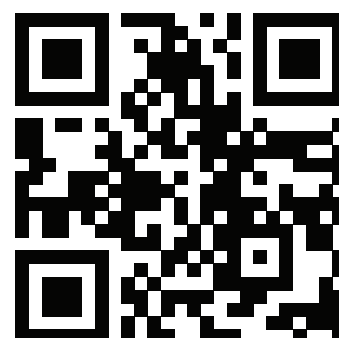
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QUALITY MANAGEMENT SYSTEMS

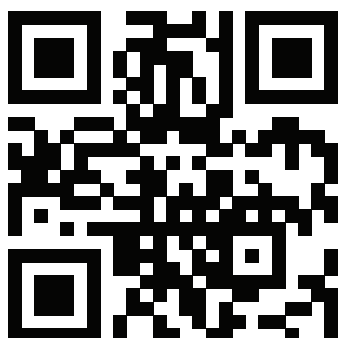
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ISO 14001

ENVIRONMENTAL MANAGEMENT



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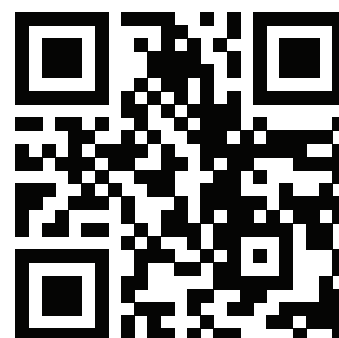
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OCCUPATIONAL HEALTH AND SAFETY

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FOOD SAFETY MANAGEMENT



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HALAL CERTIFICATION: A MUST FOR EXPORTING TO INDONESIA



Halal certification is a document guaranteeing that products and services marketed towards Muslim populations meet the requirements of Islamic law.

When compliant, these products and services are considered suitable for consumption by Muslims. As of October 17, 2019, an Indonesian law requires many consumer products and services to be Halal-certified. Some products and services have until 2022 to comply. As part of the law, the **Halal Products Certification Agency (BPJPH)** has been founded, as a new government agency under the Ministry of Religious Affairs. The BPJPH will issue Halal certificates through a one-stop-shop system. Indonesia is a very appealing market for exporting SMEs, since Indonesia is the fourth most-populated country in the world. Indonesia also has the largest Muslim population in the world, with approximately **225 million people**; hence, the importance of obtaining a Halal certification to serve this market.

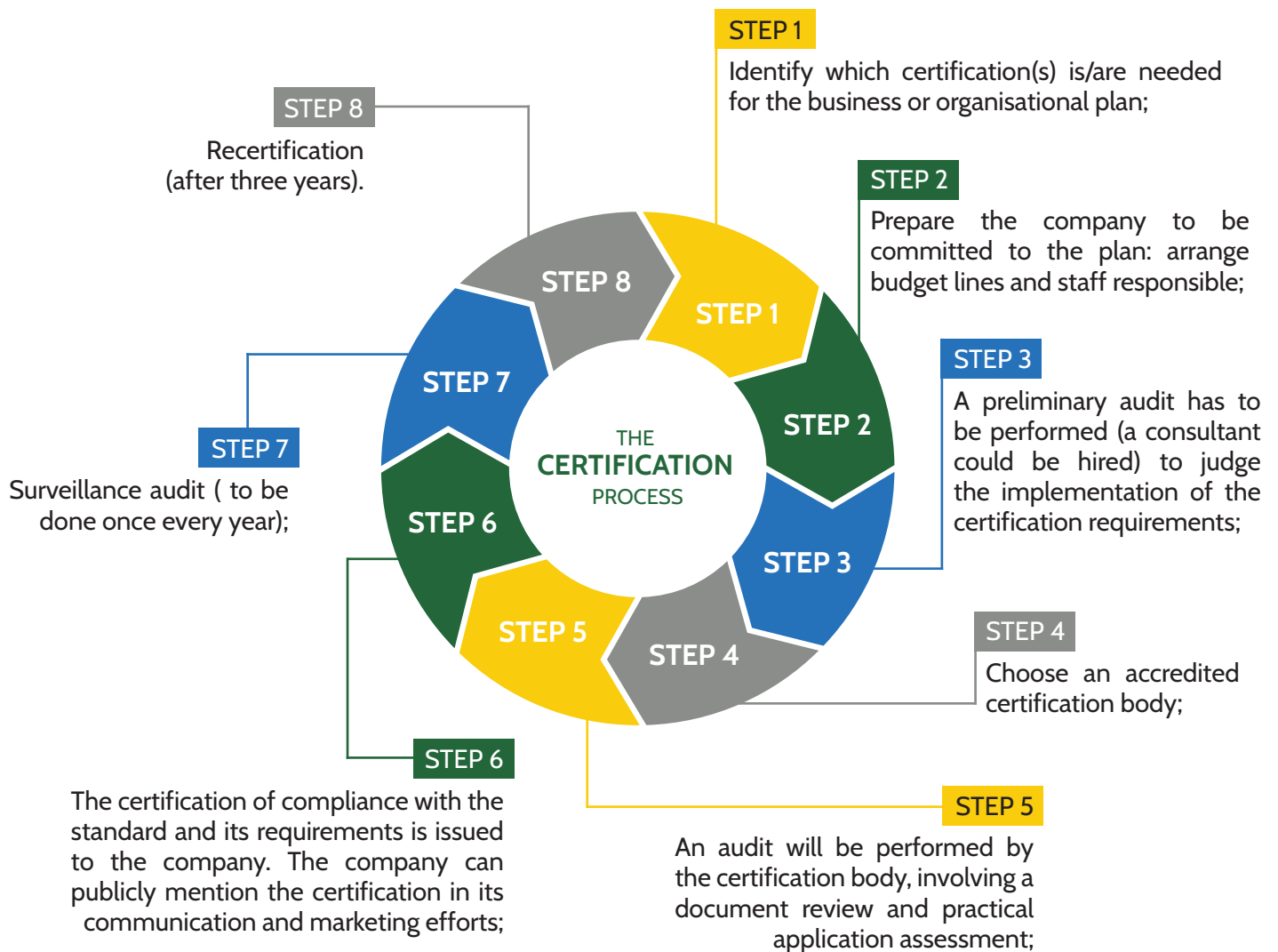
FAIR TRADE CERTIFICATION: A MUST TO EMPHASIZE ETHICS IN DOING BUSINESS

A fair trade certification is a system to certify a product by including ethical social, economic and environmental principles. The fair trade system monitors the buying and selling of the product, until it is packaged and labelled. The objectives of the fair trade certification are to contribute to poverty alleviation and implement sustainable development principles. For instance, coffee suppliers allocate an additional cost on the supplier that will go towards financially supporting marginalised farmers. The most widely-used fair trade certification is FLO International's *International Fairtrade Certification Mark*.



HOW DOES IT WORK TO OBTAIN QUALITY STANDARDS AND CERTIFICATIONS?

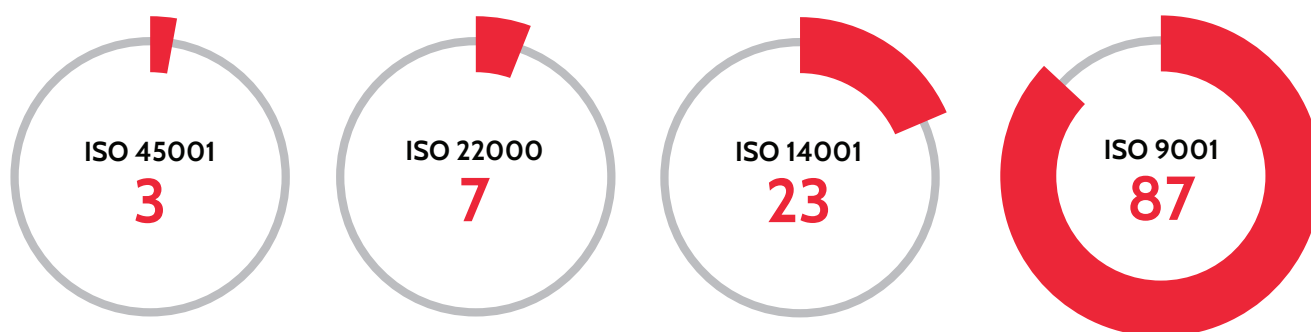
Certification is a procedure by which a third party gives a written assurance that a product, process or service is in conformity with certain standards. Certification can be seen as a form of communication along the supply chain. As a result, the obtained certificate demonstrates to the buyer that the supplier complies with certain standards.



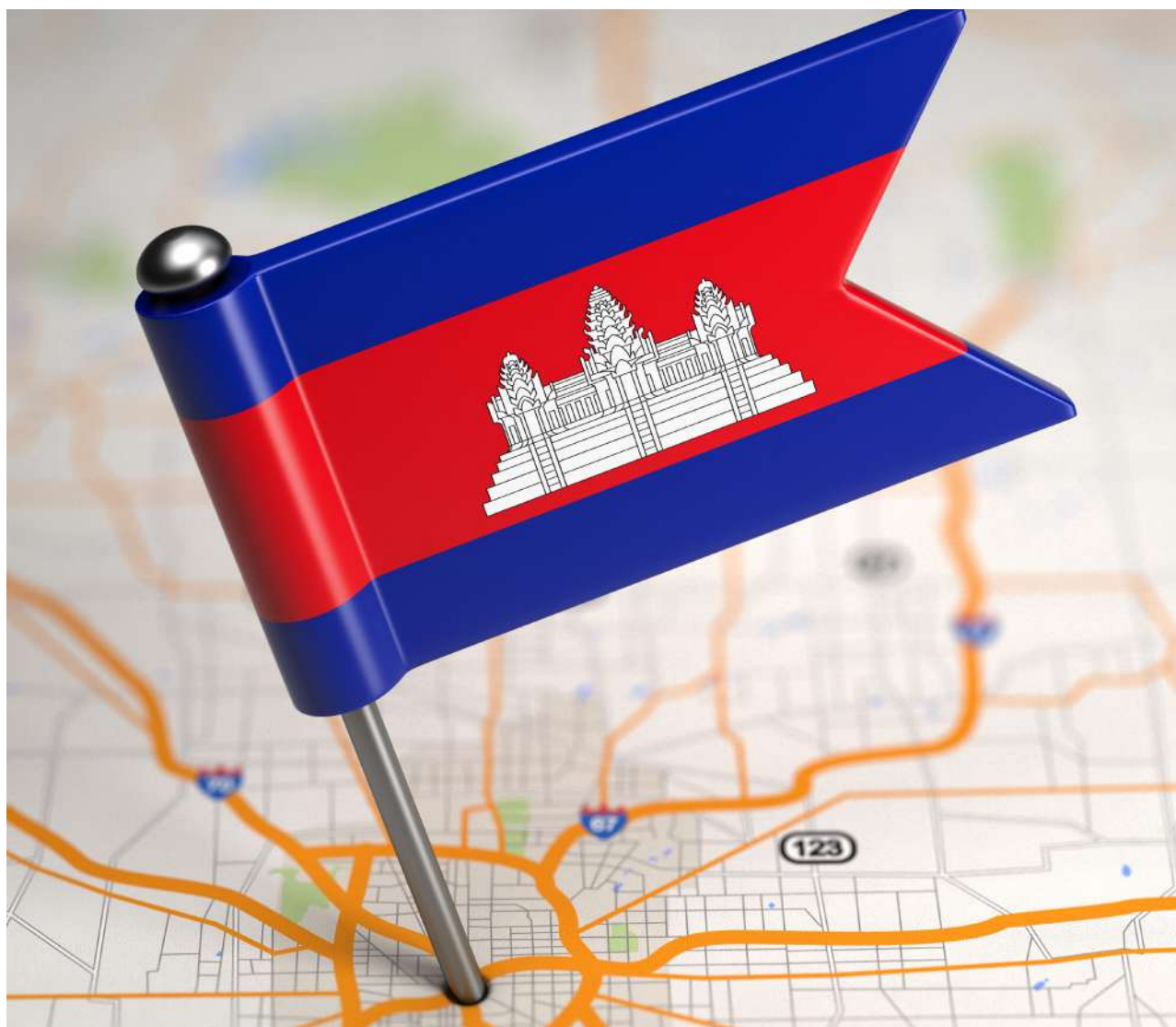
An ISO certificate is valid for three years after the initial issue. To be recertified, the SME must repeat the same process as above.

Number of companies in Cambodia that successfully obtained a quality certification

IN 2019



Source: ISO



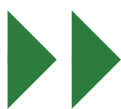
MAIN ORGANIC CERTIFICATIONS

An organic certification

Allows a farm or processing facility to sell, label, and market their products as organic. Organic food has become increasingly popular among households and is thought to contribute to a healthy lifestyle. As such, a recent study conducted by Meticulous Research Analysis estimates the organic food market to reach \$272.18 billion by 2027.

The FAO defines organic agriculture as *“a form of farming that follows specific socio-economic and ecological rules, such as: types and quantity of external inputs used (often referred as chemical fertilizers and pesticides), natural resources conservation (biodiversity, soil and water), smallholders and family farmers’ empowerment, and animal welfare.”*

Organic certification verifies that the farm or processing facility complies with organic regulations. Once the certification is issued, the products can be sold and labelled as organic. The regulation describes the specific standards required to use the word “organic” for food, feed, or fiber products.



The organic logo can only be used on products that have been certified as organic by an authorised control body. This means strict conditions have been satisfied regarding the production, transportation and storage of said products).



Mutual recognition arrangement (MRA) of organic certifications

To facilitate the trade of organic products, a series of MRAs have been implemented between countries. Standards among countries are mutually recognised.

Both the EU and USDA organic seals may be used on products traded under a mutual recognition arrangement, implemented since 2012. Products certified to USDA or European Union (EU) standards may be sold, labelled, and represented as organic across both markets, provided the accreditation has been done by a USDA or EU certification body. Businesses are thus saved a significant amount of paperwork.

The U.S has another MRA with Japan. The arrangement covers the following categories: crops, wild crops, livestock, and processed products.

These arrangements have been implemented since the US, EU and Japan demand that 95% of the ingredients of agricultural origin must be organic. The number of MRAs has vrecently. Japan has signed deals with Argentina, Australia, Canada, Switzerland, New Zealand and the EU. Eligible organic products from these countries are permitted to be imported in Japan and must be labelled with the JAS Organic Logo.

The EU, equally, has made arrangements with Argentina, Australia, Canada, Chile, South Korea, Costa Rica, India, Israel, Switzerland, Tunisia and New Zealand.

Recently, moreover, Taiwan has signed deals with Australia, Canada, Japan, New Zealand and the U.S. It is expected that the trend will continue. **Obtaining an organic certification with US, EU and Japan standards is a means to export organic-labelled products to many markets worldwide.**

The list of MRA mentioned above is not exhaustive and can be subjected to change following the decision of relevant authorities.

The MRA are subjected to strict conditions. For instance, regarding the MRA between the EU and the US, only products that were produced in the U.S. or products with respect to which the final processing/packaging was conducted within the U.S. can be shipped to the EU.

It is highly recommended to contact the relevant authorities to know the scope of the MRA.





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