Quality Controls of Traded Commodities and Services in Developing Countries

Simon Rottenberg
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* * *
1. **Introduction**

The purpose of the research described in this report was to examine efforts by developing countries to enforce standards of product and service quality for commodities traded domestically and internationally, to describe those regulations and explain how they were enforced, and to assess the economic effects of the regulations. A series of questions were addressed in the course of completing the research. These included:

1. Should developing countries adopt public policies to allow imports of capital goods of only the most up-to-date vintage?
2. Should there be public policies to regulate the quality of exports particularly for the newly-emerging export countries of Africa?
3. Are there any circumstances, along the lines of second-best arguments which justify the regulation of product quality in international and domestic trade?
4. How attractive have these regulations been on product quality?
5. Have quality regulations caused inefficient use of resources and waste by encouraging rent-seeking activities?
Summary of answers to some of these questions form the basis of this chapter. The empirical evidence cited comes primarily from the detailed examination of quality control practices in seven countries, Bangladesh, Hong Kong, Morocco, Singapore, Thailand, Turkey, and Uruguay.

2. Capital Goods Regulations

Both the lessons of economic theory and our research findings argue against public policies that limit the importation of used machinery by economic agents in developing countries. Economic theory suggests that either competitive pressures or the profit motive will spur entrepreneurs to combine labor and capital in ways that minimize costs. Developing economies generally have a large supply of unskilled labor, which can efficiently combine with less sophisticated used machinery. When the use of second-hand machinery is displaced by government regulations, theory concludes that operating costs will rise and output will decline.

Evidence obtained from the review of quality control practices in the seven countries and through related empirical research supports these same conclusions. We also observe that those countries most likely to have regulations that limit the importation of used capital goods -- those with a large supply of unskilled labor -- are the very countries most harmed by such rules.

Countries with a small newly emerging capital goods sector are the most tempted to have import restrictions. The new capital goods sector, which could include manufacturers as well as equipment dealers, will likely seek protection from external competition. Being relatively small, the political costs of organizing will be low. In addition, newly developing
countries are more likely than not to be managing foreign exchange in an attempt to control the mix of imports. Appealing arguments regarding the conservation of foreign exchange for use in buying new equipment rather than parts for used equipment will support the positions of those who simply want protection. Once constraints are imposed on an economy that is just beginning to industrialize, economic growth will be reduced. The associated welfare losses will be relatively larger than for a country with a large industrial sector.

Countries that have a large industrial sector generally have a supply of skilled labor that commands a higher wage. New capital goods that use less labor will tend to be the efficient choice. Even though the costs imposed by restrictions on capital goods may be lower for the developed country, the likelihood of having such regulations is smaller. Simply put, the political costs of organizing interest groups are higher than in less developed countries. Furthermore, the more industrialized country will likely have a larger machinery producing sector, which reduces the demand for all imported capital goods.

We found no evidence in support of restrictions on the free flow of used machinery. Indeed, our findings indicate that such restrictions are costly and should be avoided.

3. The Regulation of Export Commodities

The regulation of the quality of exported commodities was examined in Morocco, Thailand, Turkey, Uruguay. The regulatory approaches taken were similar in each case. Government authorities set minimum standards of
quality, in some cases for various qualities, inspected the commodities, and provided controls at the time of shipment. Thai silk was actually packed and shipped by a government agency.

There were several avowed purposes for the quality controls. In general, there are arguments for maintaining the quality of the country's brand name (Thailand, Morocco). But this argument is apt to be spurious, since major commodity buyers have their own standards and inspectors and firms such as Societe General de Surveillance are active quality assurers in all markets and even supplement the government inspection services. Commodity quality controls also coincided with the collection of taxes (Turkey, Uruguay) and were used to divert commodities to internal markets (Turkey), and to affect the average price received by the collective shipping industry, partly to avoid encounters with tariffs and quotas (Morocco).

Given the presence of private inspection firms and the fact that their certifications are accepted by government authorities in receiving countries who control imports, the burden for justifying export quality controls must be supported on either efficiency or special interest grounds. The efficiency argument would include consideration of the relative cost of government inspection versus private firm inspection as well as efficiency considerations of the cost of collecting taxes at the point of inspection versus some other collection mechanism. Special interest arguments include efforts by producer associations to gain differential rents by having standards imposed that favor particular firms and limit the entry of new competition. Other special interest demand for
regulation can come from local cartels that seek to raise commodity prices to the international level and from government employees who seek secure employment and gains from graft and bribery.

While government provision of inspection services may be explained on either efficiency or rent-seeking grounds, such is not the case with government actions to set minimum levels of quality for exported commodities. There is no efficiency argument for minimum levels of quality, since buyers can determine the optimal quality they desire. Evidence that some buyers will accept lower quality goods than allowed by government (Thailand) reinforces this point.

Our research findings indicate quality standards can be determined competitively and enforced through market derived contracts. We find no basis to argue for government set standards, although government provided inspection services could be justified on either a cost or tax collection basis. We believe, however, that the provision of inspection services should be exposed to competitive bidding by private firms that specialize in that business. We further recommend that regulation be uncoupled from taxation wherever alternative tax collection systems can be operated.

4. Regulatory-Induced Inefficiencies

The regulation by developing countries of the quality of goods traded in domestic markets is as pervasive as that of exported goods, if not more so. Each of the countries covered in detail in this project other than Hong Kong had elaborate regulatory mechanisms in place, and there were a number of characteristics common among them. Bangladesh, Singapore,
Thailand, Turkey, and Uruguay had standards institutes that set combinations of mandatory and voluntary standards for sellers of domestic goods. An industry trade association in Hong Kong developed and promulgated voluntary standards. Standards were typically influenced by major foreign trading partners with highly developed market economies and were determined by committees of representatives from industry, consumer groups, and the scientific community. In each case, major producers played an important role in the final selection of standards, both mandatory and voluntary, which raises a concern about potential anti-competitive effects, especially in the case of mandatory standards.

The fact that voluntary standards appear to work satisfactorily for Hong Kong and for large categories of goods in Singapore and Thailand raises an important question about the use of mandatory standards in other countries. If voluntary standards can function effectively in the three countries mentioned, why can they not work for other countries? Neither empirical data nor theoretical reasoning offers a clear answer to the question in terms of efficiency. We are left to conclude that special interest demands explain the prevalence of mandatory standards.

In some cases, the special interest demand comes from local industries that are protected by standards from outside competition such as in Bangladesh and Turkey. In other cases, such as in Singapore, firms that produce large volumes of high quality goods for international markets with low operating costs appear to gain from mandatory standards applied to sales to public sector buyers. The gain is generated by the fact that small-size producers which do not compete in international markets, are excluded from selling in the market for government goods and services.
Those gains are particularly accentuated when the public sector constitutes a large part of the domestic market. In still other instances such as in Bangladesh, other government agencies that seek to expand services in the face of private firm competition, gain market share by effectively eliminating competition through the imposition of quality standards.

Voluntary standards accompanied by licensing and monitoring have much to recommend themselves in countries where contracts are enforced and law enforcement is not tainted by corruption. Certified products can compete head on with uncertified ones, and consumers can choose among a larger variety of goods than where a single quality floor is set. Entry of new products and firms is facilitated by the approach. We noted a tendency, however, for voluntary standards to become mandatory, either by regulation or by the force of government purchasing practices, in which case the voluntary standard becomes mandatory.

On a theoretical basis, we would expect special interest groups to rally around voluntary standards that potentially remove competition and to lobby to make them mandatory. Consumer groups, which typically emerge in developing countries as incomes rise, gain politically by delivering quality standards to their constituents. The two groups together can form a significant political force for mandatory standards.

When a large share of output is sold in international markets where standards are to be met, it is understandable that producers would seek to have the same standard imposed on the domestic economy. For example, producers of textile products may have to meet flammability
standards set by the United Kingdom or the United States. Firms having developed large scale production facilities to meet the international standard can gain competitive advantage over their local competitors if the same standard is adopted domestically. Furthermore, international and regional organizations that seek to harmonize standards can influence governments to adopt the same standards across many countries without considering the welfare losses that arise from lost production and competition in local economies.

No matter how efficient the standard setting process is in a technical sense, affected and interested groups will use scarce resources in influencing and complying with the rules that are selected. As rules evolve and move from being voluntary to mandatory, the gains associated with them expand. It is expected that the resources consumed in the regulatory process would expand also. Finally, when a domestic mandatory standard is being considered for adoption in a regional or international arena, the gains expand again. The private return on resources committed to influencing the development and adoption of standards expands with the size of the market to be affected.

From a policy standpoint, the use of voluntary standards wherever possible on the model of institutions operated in Hong Kong should be advocated for other countries. Regulatory reform requiring a reexamination of all mandatory standards is another step to be advocated.

5. **Conclusion**

The lessons drawn from this research are based on information of quality control practices in seven countries, our theoretical review of the
relevant literature, empirical work conducted in the course of the research, and on materials collected in the development of a catalogue describing quality regulation in a large sample of countries. We have identified similarities in the ways developing countries regulate quality and have been able to deduce some general conclusions from those observations. We have also identified unique regulatory arrangements that we found in our research. Throughout the course of the work, we have observed factors that induce quality regulation and have included those in our discussion. Now by way of summary, we list those factors that increase the demand for regulation:

- The need to satisfy quality standard set by trading partners.
- The demand for protection of domestic industries from competition, both internationally and domestically.
- The demand of government agencies to maintain their importance by offering to provide information to concerns regarding the quality of home-produced products.
- Efforts by consumer groups to gain strength by providing quality assurance for consumer goods.
- Efforts by government agencies to assist producers in controlling the market price of export commodities.
- The demands of larger firms to make their product standards the official standards of a country.
- The demand of governments for increased tax revenues collected through the inspection and quality control process.
- Efforts of governments to control the composition of trade through the management of foreign exchange.

While some of these factors may be supportive of broader public interest goals that might improve the general economic welfare of a
country, others clearly fall into the category of special interest regulation. We find that even those regulations that appear to be welfare enhancing offer opportunities for rent seekers to gain protection from competition, and those opportunities encourage the diversion of scarce economic resources and human talent in the direction of creating more regulation instead of producing more goods and services.

Of course, this is always the dilemma of regulation. In an effort to promote the public interest, regulators inevitably invite special interest support. If regulations are to have real effects, and they would not be called for if they did not, it is necessary that leading sectors in the economy support them. Gaining that support generally requires the provision of special interest benefits. There is then a tradeoff, between increases in public benefits and rewards to special interest groups.

It is in the context of this tradeoff that we identified efficiency risks when we discussed regulations we observed and examined in the country studies. And while we have provided only limited empirical evidence that might identify the costs that relate to those risks, we believe the burden of justifying expansive regulation of quality should fall on the regulators. We say this in the light of the fact that some countries manage successfully with little quality regulation, and that some countries that regulate the most have weak records of economic growth and development.

6. **The Purposes of the Report**

This report examines the predictive effects of quality-regulation on the allocation of resources, the distribution of income and the national
wealth of the quality-regulating countries. It seeks to be responsive to the question of whether governments of the developing countries should be encouraged to regulate the qualities of internationally-traded products and of products in the domestic trade, and it explores the effects of quality regulation on the efficiency of resource use and on the production of rents. The report also examines the rationales that have been constructed to support minimum-quality standard policies.
II. INTRODUCTION

Most governments apply various controls and regulations on the conduct of international and domestic trade. A common set of such regulations in all developing countries attempts to control the quality of traded goods across and within national boundaries. In developing countries, these policies usually affect the importation of capital goods, the volume and growth of their dominant exports, and the vintage of technology installed. For example, the importation of machinery and equipment for factories is constrained in several developing countries by product-quality regulations on imported capital goods. Similarly, attempts to diversify agricultural production and exports may be affected if export-product quality controls are in effect.

Minimum-quality standards are often imposed on export commodities and usually take the form of prohibiting the export of commodities that fail to fulfill prescribed minimum standards. This constraint is usually applied to commodities that are important in the export trade of the relevant country. Units of the commodity that fall short of the defined qualitative threshold are usually permitted to be processed and consumed domestically; they may not be exported. Such a policy occurs commonly in countries where a monopoly of the relevant export trade has been lodged in centralized public sectoral authority. The objective of the policy seems to be some combination of the maximization of export earnings, the promotion of the reputational integrity of the exporting country with respect to the quality of the exported commodity, and the cheapening of information costs in the commodity market.
Minimum-quality standards are also fixed for imported commodities. A common form of this policy is to inhibit the importation of second hand and used industrial machinery and automobiles. The policy seems to be based on an assumption of informational asymmetry that would cause buyers of used equipment to be victimized in fraudulent and deceptive transactions. It seems also to be assumed that buyers, when offered the alternatives of lower-priced used equipment and higher-priced new equipment, with different net service streams, cannot rationally choose among the options they confront. The idea that new equipment is invariably the superior rank-ordered alternative is grounded, in part, on the notion that claims on foreign exchange for the acquisition of replacement parts will then be diminished and, in another part, on the notion that new equipment will incorporate state-of-the-art design that will cause capital productivity to be higher than would be true, if older, second hand equipment were purchased.

In many developing countries, quality standards are enforced in the importation of technology. The usual form of this policy is to deny foreign exchanges and thus access to funds for the payment of royalties and license fees for the use of patented information and methods that fall short of prescribed state-of-the-art thresholds. The grounds for this policy are similar to those that are offered in defense of policies that make it impossible or difficult to import used machinery. It is not certain that proper attention has been given to differences among countries in resource endowments and in the relative prices of resources in the formulation of policies that regulate the quality of imported equipment and technology.
Standards of safety are also enforced for both imported and domestically produced commodities. Policies of this kind are grounded upon perceived informational deficiencies, some of which are thought to be generated by the asymmetrical distribution of information in markets, and some by the deliberate practice of fraud and deception; those policies are also grounded upon a perceived insufficiency in the intensity of aversion to risk of buyers. Policies for the enforcement of standards of quality are defended, in addition to the grounds already mentioned, with the argument that a reduction in the number of qualitative versions of commodities permitted to be exchanged in markets will diminish production costs by permitting the achievement of economies of scale in production.

1. The Meaning of Product Quality

This is a study of the regulation of product-quality in the developing countries by the enforcement of minimum standards of quality. But what is the meaning of "product quality?" If two products are observed in the market, how is it to be known whether they are two different commodities, two different, but qualitatively homogeneous, models or varieties of the same commodity, or two different qualitative versions of the same commodity, whether or not they are of the same model?

The conventional perfect-substitutability test for the definition of a commodity is not useful. If two units of an item are observed invariably to sell at the same price, when the units are of equal size, or, if their prices are invariably proportional to their sizes, when they are of unequal sizes, these two items will be conventionally perceived to be units of the same
commodity. Thus, if two units of a thing are bought and sold at different prices, they are treated, by convention, as two different commodities. In a rigorous sense, this is a sensible test for the definition of a commodity and, therefore, for distinguishing among commodities. But for the purpose of this study, the perfect substitutability test is not appropriate. Items that transact at different prices include not only units of different commodities, but also different models of a given commodity that are qualitatively identical, and higher (and lower) quality units of a given model of a given commodity. This is because different models of a commodity have different resource-costs in their production and also because demand schedules are different in the diverse markets in which different models and different qualitative versions of a model are exchanged.

For our purposes, therefore, commodities are perceived to be members of a given commodity set, if they render the same service or perform the same mission, in consumption or in production. If they render different services or perform different missions, they will be seen to be different commodities. If two commodities render the same service or perform the same mission, but if they are able to be differentiated on some broadly-defined efficiency test, they are seen to be the same commodity, but of different qualities.

In consumption, commodities render service, broadly defined, as agents of nourishment, shelter, warmth, quiet, transport, aesthetic pleasure, etc. In production, commodities render service, broadly defined as agents for cutting, shaping, smoothing, heating, cooling, lubricating, moving, positioning, mixing,
blending, grinding, powdering, joining, solidifying, liquefying, gasifying, etc. Both consumption and production commodities may perform either a single service or a set of multiple services. A unit of a commodity, defined this way, has properties by which it may be qualitatively rank-ordered with other units of the same commodity. Those properties affect the "efficiency" with which the commodity renders service. The properties may be general, as when they are relevant to the measurement of standards of performance for the qualitative ordering of units of many commodities; or they may be specific, as when a property is relevant to performance standard measurement and the qualitative ordering of the units of only one or a few commodities.

The quality of a unit of a commodity may be affected by such properties as its durability (the lag between the time of first use and the time when it requires first repair and the duration of intervals between successive repairs); the frequency of required maintenance care; the ease and convenience of repair; the ability to resist wear and tear; the ability to resist corrosion; the ability to resist breakage, as by dropping or from heat or cold; the speed with which it can be operated; the rate of acceleration; the comfort and ease with which it can be used; the time period to spoilage (for example, its shelf life); the resource-cost of forestalling spoilage; its weight and size by volume; the quantity of complementary resources with which it must be combined in order that it can be usable for its intended purpose; the resource-cost of starting the unit and of using it in running condition; the quantity of waste generated by its production and by its use and the disposability of its waste; its safety in production and in its use, measured by the frequency and severity of adverse
side effects its production and use generate; and its effectiveness in the fulfillment of its intended purpose(s).

The foregoing paragraph contains only a partial catalogue of the qualitative properties of units of a commodity. One need only select a small random set of commodities to observe different sets of properties that would affect the measure of the qualities of units of those commodities: for plant seeds, relevant qualitative properties might be their resistance to disease and pests, their needs for water in growth, their needs for fertilization, required spacing of plants, the lengths of lags between planting and harvesting, and their seasons of growth; for the services of a bank teller, relevant qualitative properties might be trustworthiness, punctuality, propensity to error, and personal pleasantness in dealing with a bank's clientele.

2. The Market for Product Quality

The demand for a consumption commodity of some given standard of quality will depend upon income, taste, the prices of other commodities, and the prices of the same commodity at diverse standards of quality. The demand for a factor of production depends upon the demand for the product in the production of which it is employed and upon the prices of other factors of production, including the same factor of production at diverse standards of quality. The supply of a commodity of some given standard of quality will depend upon the prices of inputs -- including the prices of inputs employed to produce the same commodity at diverse standards of quality -- and upon the array of available
techniques for transforming inputs to output, including the array of available techniques for transforming inputs to output of the same commodity at diverse standards of quality.

It can be expected that, in markets in which agents are informed and in which there are differences in tastes, incomes, other consumption commodity prices, other input prices, and technological opportunities, commodities and factors of production of diverse standards of quality will be produced. Sets of a commodity meeting different standards of quality will vary among countries. In some economies, the range of quality standards will be narrower than in others. The highest-quality standard produced or consumed in some economies will be higher than the highest-quality standard in other economies; the lowest-quality standards produced or consumed in some economies will be lower than the lowest-quality standard in other economies. The number of different qualitatively-measured versions of a commodity produced in some economies will be large and in other economies the number will be small; in some economies, the qualitative "distance" between rank-ordered pairs of versions of the commodity that are distinguished by the qualitative standards they meet, will be large and in others the distance will be small.

It can be expected, also, that in markets in which agents are informed and there are differences in tastes, incomes, other commodity prices, other input prices and technological opportunities, buyers of consumption commodities and of factors of production will sort themselves out among markets that are
definitionally distinguished by the quality standards met by a given commodity, so that each acquires consumption commodities of qualities that maximize utility and factors of production of qualities that minimize cost.

Every consumption commodity and every factor of production embodies a set of qualitative properties in which each member of the set can appear at different magnitudes; a unit of the commodity or factor may, for example, be characterized by durability to some degree of intensity and it may be capable of being operated at some degree of speed. Some units of the commodity or factor will be more durable, but slower, than other units of the same commodity or factor. Buyers will, therefore, find it necessary to trade off quantities of desired properties. Utility and production functions of each buying household and firm will determine the bundle of qualitative properties of different magnitudes that will be chosen from the arrays that offer themselves in markets.

3. The Regulation of Product Quality

The qualitative regulation by governments of commodities and services is ubiquitous and it takes diverse forms. Governments almost invariably represent that the regulation of quality is intended to protect and promote the public interest. Even when regulation is in fact, intended to promote the public interest, regulation of quality will often have its effects upon the distribution of income and wealth by imposing barriers to entry or exit that alter the structure of values of physical and human capital that create opportunities for the capture of economic rents. Often times quality regulation
is explicitly intended to produce those rents for special interest blocs that are successful in the competitive market for public policy.

Quality regulation takes the following forms, among others:

building codes that specify the kinds of materials that may be used in construction;

occupancy codes that specify the methods of entrance and exit from structures and the size of rooms;

zoning rules that set floors on the size of building plots;

safety standards for pharmaceutical and consumer products and for automobiles, such as in the latter case, specifications on the absorptive capacity of bumpers, on the installation of seat belts, and on the emission of toxins;

sanitary regulations in food service;

regulation of the accuracy of weights and measures;

size and maturity controls of fresh fruits and vegetables that are permitted to be exported or permitted to be sold in fresh, and unprocessed form;

enforcement of safety standards for aircraft in design, maintenance, and operational procedures;

regulation of the quality of the workplace with respect to toxins, ventilation, and machine guards;

regulation of the quality of human agents in production as by defining the terms of apprenticeship that are qualifying antecedent to the independent practice of a trade; by imposing employee dismissal constraints and employee recruitment constraints, as when preferential hiring is required on criteria of gender, race, age, or length of service; by compelling enrollment in school; or by regulating hours of work and the kinds of tasks that are permitted to be done by women.

Physical controls of this kind that erect barriers to entry are complemented by controls on labeling such as, for example, laws protecting trademarks and logos and laws requiring the truthful marking of the fiber
content of fabrics; these are fundamentally informational prescriptions, but they do have barrier-to-entry effects for some outsiders.

4. The Literature on Product Quality

To date, the professional literature seems not yet to have treated in detail the explicit topics of the predictive effects of the regulation of product quality standards in developing countries and of the consequences of that regulation for efficiency in resource use and for prospects of economic growth. There is, however, a literature on cognate topics. Papers that appear to be closely related are those that examine occupational licensure. 1 When occupations are licensed, only those who have been licensed may enter the relevant occupation and engage in its commercial practice. The nominal intent of licensing is almost invariably the foreclosure of the entry of those who are perceived to be occupationally incompetent and entry is permitted only for those who are found to be able to demonstrate at least a minimum standard of competence. Thus, the intent of the policy is to enforce a minimum standard of quality of service in the occupation. The effect of occupational licensure is to increase the cost of entry into the licensed occupation. The consensus of the literature is that licensing increases the price of service, increases the gross earnings of those that perform the service, leaves unaffected for new entrants the relative rates of return on investment in human capital in licensed and unlicensed occupations, diminishes the number who enter and practice in the licensed occupation, and produces rents for

practitioners who are engaged in practice when licensing statutes are adopted and who are perceived to be per se qualified to practice on a test of experience, and are permitted to continue its practice, but who entered the occupation when entry costs were lower. The findings of the literature are mixed on whether occupational licensing improves quality of service because higher prices for commercial services produce stronger incentives for own-production of the relevant services; production-for-self is often found to be less competently done than it would have been, when done by commercial practitioners who are, after licensing, foreclosed from entry by the licensing statutes. 2

A recent literature on "lemons" is counterpoised to the findings of the occupational licensing papers. That literature finds that, where information is asymmetrically distributed in markets, so that sellers, who are knowledgeable about the quality of the product they offer for sale, confront buyers, who are ignorant of product quality, it will systematically occur that only low-quality products (lemons) are offered. 3

The counter response to the prediction of the systemic appearance of lemons that has appeared in the literature has been that the prediction

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has not been empirically confirmed. It is observed that versions of commodities of diverse qualities are transacted in markets, even in the common circumstances in which informational asymmetry occurs, because sellers, since they are specialized to their products, are more knowledgeable about product quality than buyers, whose experience is not specialized, since they purchase baskets of diverse commodities. Another leg of the counter-response is that systemic asymmetries do not usually occur because buyers, who are ignorant of product quality, are vicariously informed by the use of such surrogates or intermediaries as professional (specialized and informed) buyers who make purchasing decisions for commercial shops at which ultimate buyers make their purchases. Still another leg of the counter-response is that informed sellers, because they are responsive to the incentives of commercial survival and the keeping of reputational integrity will not be expected systematically to offer low-quality goods deceptively, even to ignorant buyers who do not use informed intermediaries.

Other papers that appear in the literature and are closely related to this study are those that examine the effects of the regulation of the qualitative property of safety in commodities. Regulation of this kind appears most pervasively in the markets of pharmaceutical preparations. Many countries do not permit pharmaceuticals to be marketed until public regulatory agencies are satisfied that the benefits in the treatment of illness have social values that exceed the negative values of possible adverse side effects their use might produce. The consensus of
this literature is that, by applying very intense standards of aversion to risk, the public agencies have introduced long lags between discovery and therapeutic use of many preparations and that those lags have been socially counter productive in the sense that the value of forestalled benefits have been greater than the value of forestalled adverse side effects. 4

III. QUALITY REGULATION: POLICY AND ANALYSIS

1. The Evolution of Quality Regulation

Restrictions imposed on the quality of goods to be traded in certain markets are as old as trade itself. Indeed, the Magna Carta specifies weights and measures to be used in thirteenth century England and even specifies a standard width for all woven cloth traded in Markets. Even then, government inspectors were busily attempting to enforce quality standards, and we are told that bribery was sometimes used by merchants to gain the regulator's approval.

Quality marks were often required to be displayed on products in medieval markets and at trading fairs. The marks identified the source of products as well as the draftsman who produced them and provided consumers with information where producer reputation was a known quantity.

Every developed country has a large and complex array of standard-setting institutions and organizations that include government agencies and trade associations. In market economies, quality norms are determined primarily through market forces. Firms seek to gain sufficient consumer patronage to obtain revenues that cover all costs. The quality range offered in the market is determined by the extent of the market. Where the


variance of income and other demographic characteristics is small, one expects to find a smaller quality range. Where the variance is large, one expects to observe a wide variety of goods of various qualities.

Competitive pressures push firms to find lowest achievable costs of production and distribution. Economies of scale tend to be exploited across all functions of the firm. If larger plants generate lower costs, firms will predictably concentrate production in fewer facilities. If a single quality level leads to lower average cost and higher revenues, firms will exploit economies of scale by limiting the variety of goods they produce. As a result, not everyone's preferred level of quality will be provided by major producers. Smaller firms can specialize to serve markets that cater to smaller groups of consumers whose preferences might not otherwise be satisfied.

Information on the quality of goods is provided to consumers in variety of ways, with brand name capital being one of the major sources. Consumers can often rely on the reputation of individual producers. Information on quality is distributed by word of mouth, and producer reputation is the asset at risk. In highly developed markets where mobility is high and the linkage between specific producers and their ultimate

consumers is blurred or nonexistent, brand name capital and seller reputation replaces producer reputation.

Generally speaking, sellers in competitive markets have meaningful incentives to satisfy consumers. Repeat sales provide predictable revenues. Legal remedies provide a means to redress more serious problems of fraud, deception and harm. Further, investments in advertising, brand name capital, and other specialized assets are at risk. The seller-producer seeks to increase the asset value of the firm and this requires that consumers continue to patronize the firm. Small producers who lack brand name capital and reputation often participate in large markets by providing their goods to larger firms that specialize in consumer marketing. The larger firms establish and monitor the quality of all the goods they sell, since the general reputation of the firm is based on the reputation of each product it distributes.

Department stores, supermarkets, shopping centers, international hotels and operators of markets are examples of firms that specialize in minimizing the cost of quality assurance in consumer markets. The cost-minimizing forces of competition become weaker where seller mobility is high, where investment in specialized assets and brand name capital is limited, where legal remedies are lacking, and where competitive markets are not allowed to function. Quality regulation by government is then expected to replace quality regulation through market forces. What is normally a private good -- the quality of a product purchased by a given consumer -- becomes a public good. The same standard applies across a particular product category.
When governments intervene to establish quality standards in domestic markets, they generally adopt the quality standard of some established producer and apply that standard to an entire industry. When such a regulatory process is under way, major firms have an important incentive to lobby government for the adoption of their standard. A carefully designed quality regulation can reduce competition in an industry, while providing satisfaction to influential consumer groups who lobby for the regulation. Regulation can also replace other legal remedies that may have been available to aggrieved consumers.

While government regulation of quality will generally always reduce costs for some consumers, costs for other consumers will likely increase. There is accordingly a risk of imposing a net loss on the economy, one that increases through time. A reduction in short-run competition results when larger more influential firms are successful in having their particular standards imposed on all firms in an industry. Competitors' costs are driven higher; this leads to increases in price and reductions in output. Longer-run losses occur when competitive entry is stymied as a result of standards that forestall the production of lower-quality versions of a commodity. In short, the rate of growth of GNP will decline to the extent that quality standards actually restrain production and consumption choices.

Although tightly specified mandatory standards carry the greatest risk of imposing losses upon an economy, governments have other choices available to them when they seek to improve perceived information

8/ See Kindleberger, op. cit.
imperfections in markets. As opposed to mandatory standards, governments can develop and promulgate voluntary standards accompanied by highly visible marks and advertising that alert consumers to the level of quality being achieved. 9

Firms that predict an improvement in their market position from participating in such voluntary programs can do so. Other firms may choose not to participate. As a result consumer choice is not necessarily restricted and firms can experiment with alternative quality standards. When particular governments are observed to be imposing mandatory quality standards on certain products while other governments in similarly situated societies are adopting voluntary standards, it is highly likely that concerns about consumer information are not the chief motivating force behind the regulations.

2. Quality Regulation in Developing Countries

Developing countries offer a particularly complex set of product quality problems. Export expansion is a principal path to economic growth. 10 Following the export expansion strategy, firms in developing countries must meet the quality levels expected in importing markets. The quality levels

9/ The use of quality marks and voluntary standards is widely applied by the standards institutes in Hong Kong. Combinations of voluntary and mandatory standards in association with quality marks are used in Bangladesh and Singapore. See Chapter IV.

expected in developed consumer goods markets are not likely to match the optimal quality demanded by consumers in the home market. Yet economies of scale in production and the relative size of the foreign market may dictate the use of foreign quality standards. 11

Quality regulation is a highly contagious phenomenon that is transmitted among trading partners. 12 The principle stimulus comes from developed countries, where regulation has typically expanded across all markets and goods. Regulation in developed countries has been shown to impose sizable economic costs in the form of productivity and monopoly losses. 13 Importers to those countries have no choice but to meet the buying countries' regulations.

Developing countries are often aided by regulatory agencies in importing countries in establishing a government bureaucracy to assure that the quality of exported goods is maintained. International linkages are then formed that constrain production and distribution techniques for goods involved in world trade.

11/ See Kindleberger, op. cit.

12/ For example, the international office of the U.S. Food and Drug Administration establishes liaison with governments whose exporters fail to meet U.S. standards. Technical experts are sent to those countries to assist them in developing appropriate standards and regulations.

In some cases, developing countries are induced to behave like firms when seeking to meet world quality standards. Manufacturing firms establish quality levels and tolerances to be met in the production process. Systems of quality assurance and control are installed, and managers monitor performance. Feedback from the market provides information about consumer demand, and the firm modifies its quality standards accordingly. Competitive forces drive the system. Consumers in the market place can choose from an array of quality levels provided by competing firms. The successful firms develop brand name capital that reduces the cost of marketing additional products and expanding in other markets.

Developing countries with small consumer goods economies and few producers may pursue the firm strategy. A country may establish mandatory government standards to be met by all exporters, just as a firm might set standards for all manufacturing departments. A government agency charged with developing, implementing and monitoring levels of quality then works hand in glove with a customs department that oversees the licensing of all exports. Quality inspections occur in production facilities and at the point of embarkation. Goods that do not meet the standard may be destroyed, placed in the home market, or labeled as inferior and sold in other markets.

Producers who wish to participate in world markets must meet the government standard.

The quality control agency may assist exporters in gaining information on standards of other countries as well as in dealing with the bureaucracies of other countries. Simply put, the standards agency can increase the demand for the products of home industries. In this sense, the agency is viewed benevolently by home producers. At the same time, the imposition of mandatory standards can work against the interests of producers who have developed markets for goods of another quality. Their marketing efforts languish and costs are imposed on them.

Spokesmen for the government agency would predictably argue that country brand name matters in world market, just as firms argue about the importance of their brand names. The efficacy of the country as firm argument has several arguments favoring it in certain cases. Where a country is geographically small, industrialization will likely be intensive. The likelihood of having a dual society, i.e., one part following traditional customs that maintain long-standing habits of consumption and production, and the other component adopting new consumption and production patterns, is small. The tension between preferred levels of quality will be reduced and quality standards will be less burdensome. Further, the government agency will be able to exploit economies of scale in the development and management of standards. Calibration and other costly and highly technical activities can be centered in one easily assessible location. And finally, the strength of the government of a country may go
further in world markets than the initial reputation of any single domestic firm. In sum, the country-firm may minimize some of the costs of making the development transition.

The country-as-firm model can also be applied to government operated commodity marketing boards that are common in developing countries. In this instance, a government agency operates much like a marketing cooperative in a market economy. The key difference between the two institutions is that the government marketing board is usually a monopolist, whereas privately organized marketing cooperatives are voluntary and lack governmental entry and exit controls. The country-firm model predicts that commodity boards will attempt to maximize revenues for all sellers taken together, subject to political constraints that require special treatment of politically important groups.

A part of maximizing revenues from the sale of commodities relates to quality control. As has been shown in the theoretical literature, commodity producers logically export the higher quality part of their crop. Since the unit cost of transportation is equal across the quality spectrum, marginal revenue is higher for higher-quality goods. Although it is highly unlikely that any one developing country can affect the world price for common commodities, it is possible for a marketing board to affect the mix of goods it allows to be exported. By setting and enforcing quality standards, the board can increase gross revenues, just as a privately organized cooperative might do, and also favor important domestic producers.

The difficulties associated with the country-firm model are most likely to be faced after the first phases of development are under way. As domestic firms grow and prosper they will become more tightly tied to government, as opposed to being tied to multiple buyers in world markets. Valuable information about demand and the complexities of world trade will be concentrated in government agencies as opposed to being transmitted to individual entrepreneurs and dispersed across firms. In the earlier stages of growth, the government agencies may reduce the cost of doing business in world markets, providing that special interest effects do not overwhelm the efficiency effects of their operations. In the later stages, all costs will likely increase.

When government agencies become closely aligned with firms and industries there is a high probability that special interest influences dominate efficiency interests. 16 The latter interests are unavoidable in competitive markets. But government agencies that have the power to set national standards and approve the shipment of products are in the position to create large amounts of wealth for small numbers of people, generally at

the expense of diverse groups in the society. The wealth redistribution process is a predictably negative sum, since economic agents use valuable resources in the process of influencing government agencies, becoming all the while more specialized in performing those tasks as opposed to becoming better equipped to operate in rapidly changing world markets. 17 It is difficult to dismantle quality management systems when it might be appropriate to do so. Vested interests coalesce around the regulator, and the new firms that would gain from deregulation do not exist.

It can be predicted that countries that are geographically large and in which industrialization is dispersed over a large area it will be more costly to impose hard and fast quality regulations than in small countries. The regulations may appear in the law, but enforcement is difficult and lax and the opportunities for exploiting economies of scale in managing quality regulation are limited. Such countries may miss out on the early benefits of the country-firm experience, but will also avoid the later costly stages. Substitutes for government-controlled quality regulation will emerge, with buyers and buyer representatives sharing the cost of quality control and assurance.

3. Regulation Fills NonCompetitive Vacuum

The regulation of product quality in domestic and international markets is a two-edged sword. The principle benefits of the regulation are

associated with consumers and buyers who obtain the assurances they desire while the costs are spread across a large number of people. To the extent that alternative quality-assuring mechanisms can provide the same information at lower cost, mandatory government regulations are a net burden. Further, when regulations reduce the competitiveness of domestic and world economies, they impose a second round of social costs that are similar to those generated by a monopolist. In this way, quality regulation causes competitive markets to become monopolized.

Oddly enough, monopolized markets also generate forces that call for regulation. Major industries, commodity producers and sellers, and sectors of developing economies are frequently operated by government. Nationalization of major industries sometimes follows on the heels of revolution and other political activities that redistribute wealth. Nationalized industries and sectors are essentially monopolies. The forces of competition that tend to assure product quality are blunted if not eliminated outright. Brand names become meaningless. The government has no product reputation at risk. A regulatory vacuum is left.

Along with government-operated enterprises, licensed monopolists are also found in developing countries. Again, competition is lacking. And while the private producer might have brand name capital at stake in international markets, that is not the case in the protected domestic market. Again, a quality regulation vacuum is left.

Governments in developing countries often control the supply of foreign exchange, making it necessary for all buyers of imports to process their transactions through a government office. While rationing exchange,
the relevant government office also influences the source of the imported goods. Privately maintained quality control programs are put in jeopardy as the cost of monitoring suppliers is increased by the rationing process. Lesser known brands are substituted for preferred brands and commodities with a larger quality variance may be substituted for higher-quality ones. Again, the demand for quality regulation is increased.

The control of foreign exchange by government implies that official exchange rates are not synchronized with market exchange rates. Individuals in the controlled economy generally find that their currency is overvalued. A unit of their currency will purchase an unrealistically large number of units of a foreign currency. Foreign goods are made artificially cheap to residents, which leads to an increase in demand for imports relative to domestic goods.

Imported goods from developed countries can be expected to be of higher quality than their domestic counterpart. Put differently, quality appears to be cheaper than it really is. Consumers in the home country understandably express concern about the quality of domestically produced goods, consumer groups will predictably express concern about the quality of domestically produced goods, and they will predictably call for improvements and government standards. A distortion in one market leads to a distortion across other markets.

Finally, political instability is often associated with a less than independent judiciary and press. Consumers of products lose two important elements in market-based quality control systems. First, the force of law is less predictable and therefore more costly. Aggrieved buyers have to
look to other mechanisms for protection from fraudulent sellers. The absence of a free press eliminates a major source of consumer information in the form of news stories and advertising. Again, the demand for regulation of domestic consumer goods is increased.

4. The Burdensome Nature of Quality Standards

Quality regulations, like all social regulation, is generally supported on a case-by-case basis. When individual regulations are being devised, arguments are offered on the grounds of improving consumer information, maximizing commodity revenues, providing order in otherwise chaotic markets, inducing improvements in newly developing manufacturing plants, giving temporary protection to newly sprouted industries, and building brand name capital for newly emerging exporting countries.

But while these appeals may be logical at a micro basis, they overlook the adaptive behavior of the economic actors who will operate and influence the regulatory institutions. They all assume that government actions are motivated by desires to improve overall efficiency, that inefficient regulations will be properly disposed of, that when economic sectors mature they will no longer expect to receive government assistance and guidance. The history of regulation does not support these arguments.

Even if government regulation enhanced the efficiency of domestic economies, there would still be a problem. Quality regulations are among
the major nontariff barriers identified by GATT. 18 What might actually be beneficial to the population of a closed economy becomes a thicket that cannot easily be penetrated by exporters whose goods are demanded in that country.

Following the 1967 Kennedy Round, the contracting parties identified nontariff barriers faced in each market. Of eight hundred notifications received, twenty percent related to standards. Since then, members of GATT have worked to harmonize standards across countries, to reduce the burden imposed on trading partners. And while progress has been made, the standards process continues to plague trading partners.

Quality standards in developed countries are a major barrier faced by exporters from developing countries. Similar standards restrict trade among developing countries. The effort to harmonize will be difficult, however, since the same special interests that demand domestic standards and gain from them will resist all changes.

Some developing countries administer policies that have effects upon the quality of their exports. This is done either by the enforcement of mandatory qualitative thresholds that prohibit the exportation of commodities falling below a defined line or by governmental inspection and labelling of exported commodities according to a stepped range of qualitative standards. Sometimes policy combines the two methods: goods

falling below some qualitative threshold are not permitted to be exported and, in addition, those standing above that line and that are permitted to be exported bear labels indicating the quality standard they have met.

These are methods for communicating information to buyers of the relevant commodities. They are methods for promoting "reputation." These methods cannot be effective, of course, unless buyers find that they can place trust in inspectors and labels. If government inspectors permit unqualified goods to pass through the quality screen, or if they mislabel goods, or if exporters alter labels, false information is communicated. In time, this is likely to be found out and, if falsity is sufficiently widespread, the system ceases to have informational utility.

Even when the information that is generated by the system is characteristically correct, the strategy may be superfluous or wasteful. Buyers of the relevant commodities may be more efficient at grading than government inspectors. Or buyers may systematically reinspect the commodities they purchase to assure compliance with quality standards for which they have contracted, even when government inspection has been done in the exporting country. In both of these instances governmental inspection consumes resources that produce a zero product.

In any case, it is uncertain why lower-quality commodities that fall below a defined threshold should be foreclosed from exportation. If commodities are correctly characterized with respect to their qualities, so

that buyers are fully informed and still find their acquisition advantageous, it seems to serve neither informational nor reputational purpose to proscribe their exportation.

This seems to be especially true in the case of commodities which are purchased by relatively large organizations that can be expected to employ either full-time or occasionally contracted staff who are skilled in commodity inspection and testing. These circumstances usually apply in the cases of primary commodities that are purchased in bulk and in large quantitative lots. In such cases, there appears to be no reputational advantage in the enforcement by exporting countries of threshold quality constraints on exports. Indeed, even if the exporting country were a monopoly seller of the relevant commodity, it would not maximize its own advantage, if it sought to make its exports more uniform in quality by prohibiting the export of the low-quality versions of the commodity, given non-homogeneity in buyer preferences. 20

Some countries impose quality constraints on the technological state of the arts of foreign firms that are permitted to establish ventures in their countries.

An example appears in Mexican experience. Mexico's Law to Promote Mexican Investment and Regulate Foreign Investment was enacted in 1972 and is administered by a National Foreign Investment Commission. Permission

must be granted by that Commission, if a venture is to be established in the
country in which foreigners own in excess of 49 percent of the venture’s
equity. In coming to its decision, the Commission takes account of the
production processes that are intended to be installed and "one of the most
significant requirements is that obsolete technology should not be
transferred." 21 It is not clear what criteria are employed by the
Commission in rank-ordering technological states nor even whether
technological obsolescence is perceived by it to reside in the properties of
the product to be produced or in those of the processes by which production
is to occur. Nor, since both sets of properties lie on continua, is it
clear where the Commission draws lines in those continua to differentiate
obsolescence from non-obsolescence. It may be that the age of machines or
the extent of automaticity of machine operation are used as proxies for the
technological state of the arts. It is highly unlikely, of course, that,
short of observing outcomes in competitive markets and applying the test of
observed survival, a public sectoral agency can know which, of all
alternative production processes, is the process that is appropriate to a
given economy. This is especially true because different economies have
different resource endowments and this implies that input combinations that
are appropriate for one of them will be inappropriate for another. An
insistence, for example, upon the transfer to labor-abundant countries of

21/ Direccion General de Difusion y Estudios Sobre Inversion Extranjera,
advertisement, "Myths and Facts about Foreign Investment in Mexico",
"advanced" technologies from labor-scarce countries, as a condition for the grant of permission to establish in the labor-abundant country will generate wasteful and inefficient factor combinations.

A number of countries enforce quality standards in the importation of machinery and equipment -- and especially automobiles -- by refusing to permit the importation of secondhand, used goods.

This policy, where it applies, seems to have its origin in the service of diverse objectives. At times, it is intended as a non tariff barrier to trade. An impeded inward flow of used automobiles, for example, protects a domestic automobile assembly industry and dealers in imported new automobiles from competition. Since durable goods depreciation rates in the developing countries lag depreciation rates in the developed countries, the protection of domestic industry requires stronger constraints against the importation of used, than of new, durable goods. 22 At other times, an import constraint on used equipment is a component of a more comprehensive policy to ration foreign exchange among uses by forestalling a foreign exchange outflow for the more frequent acquisition of imported replacement parts which would occur, if used equipment were imported. This purpose would be relevant, of course, for countries whose currencies are overvalued in terms of foreign currencies. In a similar context, a constraint on the

importation of used equipment might seek to have the effect of diminishing the demand for imports in order to prevent the deterioration of a country's foreign exchange rate. Such constraints might also be imposed because it is difficult to estimate the market value of used equipment and this makes the administration of tax and tariff law difficult. Finally, the prohibition of used equipment imports might be based on a sense that there is informational asymmetry in the used equipment market which would produce systematic deception of buyers of imported second hand goods in developing countries, if they were permitted to purchase such equipment.

The usefulness of used machines for the developing countries has been developed by Sen. 23 His analysis rests upon the propositions that relatively low labor costs in the less developed countries give them a comparative advantage in the use of older equipment that is labor-intensive in equipment maintenance and repair; that low labor costs in the developing countries causes technological obsolescence to lag in those countries the rates at which obsolescence occurs in the developed countries; and that low labor costs will cause the rate of return on investment in older equipment to be higher in developing, than in developed countries. Indeed, Sen offers the stronger proposition that, even if nominal wage rates were equal in both

sets of countries, so that private entrepreneurs in both sets had equal returns on machine investment of various ages and the private incentives for the acquisition of older machines were of equal intensity in both, a proper shadow price for labor in low-income countries with much unemployment that expressed the social scarcity value of labor would warrant public policy there that encouraged the installation of old machines.

On this reasoning, it is, all things considered, a mistake to perceive a direct relationship between the age and the usefulness or productivity of equipment; on Sen's analysis, the relationship is, for developing countries, inverse -- vintage equipment is qualitatively superior to new equipment. The governmental agencies of low-income countries where second hand equipment importation is prohibited or impeded fail to understand the inverse properties of the relationship because they neglect to take into account the differential prices of old and new equipment in equipment markets and the differential prices of labor in low- and high-income countries for the performance of services that complement the equipment; Sen takes those prices into account. As a result, their structure of imported goods, when rank-ordered by quality, is flawed.

The use of an age-of-equipment or "state of the arts" rule to determine which products may be imported illustrates the difficulty that is encountered in the design of physical rules for the rationing of foreign exchange when a currency is over-valued and the quantity of it that is demanded exceeds the quantity available for use. A superior rationing arrangement would seek to simulate the distribution of foreign exchange
among uses that would prevail in a competitive market for foreign exchange in which the market cleared, in which there are no shortages, and in which there are no physical rules constraining choice.

The use of a commodity quality rule occurs also in another rationing context. The export of some commodities is controlled by international commodity agreements that are assertedly intended to stabilize commodity prices. The international agencies that administer the systems -- the International Coffee Organization, for example -- sometimes assign export quotas to producing countries to keep market prices within a permissible range. Quotas are increased when prices threaten to rise above the upper limit of the range and they are diminished when prices threaten to fall below the lower limit. When commodity prices rise and quotas fall, producing countries are said sometimes to apply a qualitative rule in the allocation of export rights. Superior quality commodities are exported and inferior quality commodities are withheld from the export trade and assigned to domestic consumption. Indeed, in some cases, producing countries have imported lower-quality commodities for domestic consumption in order to assure that a larger quantity of the higher-quality commodities are released to the export trade. In this way, governments of the commodity producing countries seek to enlarge the gross revenue from export sales.

"Adjustment" to export quota constraints, as well as to export taxes and ceilings on domestic prices, takes the form, in the case of coffee, of an active contraband trade in export markets. This occurs by smuggling and by the preparation of false shipping documents. A non-trivial
fraction of coffee in world markets is often generated by the contraband trade and the governments of the producing countries have, from time to time, taken strong measures in confronting that trade. Those measures include the specification of routes on which coffee may be permissibly transported and the use of military forces to control the traffic. 24 The use by some developing countries of mandatory quality standards that are enforced by the public authorities in the import trade in order to forestall deception of importers appears to stand on a slender reed. Market responses are contrived to diminish uncertainty with respect to the quality of such goods. Importing and exporting firms come to be established that are specialized to the vintage equipment trade. Those that survive do so by engaging in practices that form reputational integrity. Attention is concentrated on care in the drawing of contracts. Warranties and service guarantees are sought and given. Market responses such as these do, of course, require the employment of the complementary resources of the civil judicial institutions to assure compliance with contract terms. Such market arrangements as these appear to be more efficient than the specification of minimum physical standards by the state because they permit contract terms to be tailored to the idiosyncratic properties of individual transactions in states of the world where preference sets are non-homogeneous.

IV. QUALITY REGULATION IN SEVEN COUNTRIES

1. Introduction

Six countries were visited for the purpose of interviewing officials in the public and private sectors regarding the incidence and use of quality regulation. The countries visited were Bangladesh, Hong Kong, Morocco, Singapore, Thailand, and Uruguay. Turkey's regulatory system on quality control was also studied but no visits were made. The country selection was based on several criteria. It was important first to include countries where quality regulation was applied in different ways. The catalog assembled for the project was used to make this determination (see Chapter V). Further, as a kind of empirical test, it was useful to include countries on different continents to observe the extent to which cultural differences as reflected by location affected the design and operation of quality regulation. Finally, we wanted to have in our sample of countries a large variance with respect to per capita income and industrialization.

The countries that were included have considerable variation in economic conditions, population size, geographic area, and degree of industrialization as represented by the percentage of the labor force employed in agriculture. Per capita GNP for 1983 ranges from a low of $130 in Bangladesh to a high of $6,660 in Singapore. The percentage of the labor force in agriculture is at a low of two percent in Singapore and Hong Kong and reaches a high of 76 percent in Thailand.

Of the countries visited, Hong Kong has the least government involvement in quality regulations, although quality regulation certainly
exists there. Singapore is located near the midpoint of a conceptual spectrum of government versus private sector control of quality. Bangladesh, Morocco, Uruguay and Turkey represent countries that have progressively heavier government involvement in quality regulation. There is variation across the seven countries, on the existence of a public standards institute, on the extent to which mandatory quality standards are defined and enforced, on whether mandatory standards exist for internationally-traded commodities, on whether there are quality constraints in the importation of machinery, and on whether marks that are intended to grade and authenticate quality are employed.

The remaining parts of this section are devoted to a country-by-country discussion of the policies and institutions of quality control. While there are similar topics discussed for each country, there are also unique elements that reflect the importance of the topic in some cases and the degree of cooperation encountered in interviews in other cases.

The Country Review

2. Bangladesh

The Bangladesh approach to quality regulation reflects a continuation of policy actions taken by government in attempts to induce the development of a labor-intensive import-substituting industrial base, one that includes the use of high labor-using capital goods, the management of foreign exchange, the attainment of progress toward the meeting of basic nutritional and medical needs, and the enhancement of the country as a recipient of aid from donor
countries. While taking regulatory actions to accomplish these goals, Bangladesh is gradually weaning off parts of its nationalized industrial base and pushing its more profitable units toward an expansion of exports. Regulation of all sorts occurs in an economy that is subject to tight government control.

The country has numerous import controls. There are restrictions on the importation of secondhand machinery and used goods. There are also limitations on the shipment of factory seconds and other goods that might be judged by government buyers to be substandard by some internationally accepted measure. Since the government exercises complete control over all foreign exchange, it is positioned to influence the sources and kinds of all goods imported to the country.

Quality controls are applied more stringently to government operated industries than to privately owned firms. For example, private jute mills, which account for thirty-eight percent of the industry output, have recently purchased surplus textile plants in Western Europe, disassembled and rebuilt them in Bangladesh, an action that delivered modern technology to the country at very low cost. The nationalized Bangladesh Jute industry, which competes with private sector mills, must purchase strictly new machinery when it modernizes, a requirement that places it at a competitive disadvantage in world markets. The nationalized Bangladesh jute industry accommodates to this rule by importing from China new machines that are constructed according to old-vintage machine designs. In this way, the factor-combination distortion effects of the new-machinery rule are somewhat moderated.
Quality regulations go far beyond import controls, however. There are a considerable number of quality regulations for consumer goods, and an outright ban on the manufacture and sale of entire categories of other consumer products. The Bangladesh Standards Institute, like counterpart institutions elsewhere, sets quality standards on both a voluntary and mandatory basis. In all cases, standards are developed by committees composed of consumer, producer and government representatives. Voluntary standards are announced and firms that meet the standards are then licensed by the Institute to display and advertise the national quality mark when marketing the goods. Participation in the voluntary program is then driven by private market forces.

Mandatory standards, also developed initially by committees, are finalized by the Institute and then enforced on the market. There are now 40 such standards, and the list is growing. Products covered under the mandatory system include soap powder, shoe polish, sewing thread, fruit jelly, writing ink, lead pencils, paint, iron pipe, stencil paper, pineapple juice, toilet soap, safety matches, tea, butter, razor blades, and electric light bulbs. Another dozen products are currently being considered for the list.

The low literacy rate in Bangladesh is offered as a rationale for the expansion of mandatory standards for consumer goods, while the easily recognized government quality mark seems to be a useful approach for accomplishing the same end. The potential risks to the economy associated with mandatory standards are clear. First, consumers tend to become dependent on government regulators, who generally have every incentive to be risk adverse. Flexibility and innovation in the development and production of new and
different consumer goods are discouraged. Further, producers also become
dependent on government regulators, as opposed to being disciplined by
unregulated market forces. Since mandatory standards can raise competitors' cost and limit the entry of new competition, they tend to be supported by producers that are currently in place. The interests of organized consumer groups, who generally represent a higher income segment of the literate population, and those of producers currently in business coalesce to form support for regulation. Lower income consumers and producers still outside the economy have little or no voice in such proceeding.

In addition to verifying and promulgating standards, the Bangladesh Standards Institution services exporters who must have the quality of their products certified. The Institution is also actively involved in efforts to harmonize standards across major trading partners, working for the day when Bangladesh standards will be accepted as being equal to those of their partners.

The control of medicines and over-the-counter (OTC) drugs is an example of one of the strictest quality regulation observed in the domestic economy. A large category of OTC products has been banned outright. Such products as cough syrup, vitamins and other medicines have been defined as being "useless" and cannot be imported, produced or sold in the country. The Bangladesh Drug Administration obtained this legislation as a part of a centrally planned effort to induce greater production of basic medicines for primary health care. The government used government-owned pharmaceutical production units to supply its major hospitals and clinics.
Following a planning approach named "Health For All by the Year 2000," the government intends first to build primary medical care and then to support self care. However, the ban of OTC products may represent a setback, rather than progress. It imposed heavy financial losses on local drug producers, making their Bangladesh presence far less attractive to them. The ban also reduced substantially the development of self medication, which is the natural health-care process for people in many countries and is of particular importance where there is a very high population to physician. Even though certain OTC products may be thought to be "useless," their presence and expansion to markets supports a continuation of self care, and reduces the patient load that falls on the professional sector.

In the case of Bangladesh, the ban on certain medicines first provided a market for illicit producers, who entered the market with look-alike products. Enforcement of the law caused the newly formed OTC producers to shift production to legal prescription drugs, which was the initial desire of the authorities for the original drug producers. The new producers did not have internationally advertised brand names, which means they have less incentive to maintain quality than do their international competitors. Because of this relative lack of incentive to protect brand-name capital, the new producers had no testing and quality control capabilities, which placed additional demands on the government testing facilities and provided a rationale for even stricter quality control regulations.

The government's planned expansion of health-care delivery has led to an increase in the output of legal drugs, partly due to government investment
in production facilities. While the supply of primary medicines has increased, the price to consumers has increased as well.

Government control of foreign exchange also contributes to the demand for quality control, as illustrated by the situation posed for pharmaceutical producers in Bangladesh. With the control of foreign exchange comes control of the country of origin of supply. If the government, for example, has a surplus of one country's currency, it seeks to find suppliers there when currencies are non-convertible or when bilateral trade arrangements are made. Alternatively, the country may be involved in barter transactions with another country and is looking for commodities to match off against its own. In either case, government buyers can unilaterally substitute sources. The associated quality control problem is obvious. Chemical entities used in the production of pharmaceutical products may appear identical when comparisons are made across suppliers, but methods of quality control and manufacturing techniques may vary widely. As a consequence, pharmaceutical products can have severe problems when they lose control of supply sources. The appearance of quality standards may therefore have perverse effects on the actual quality goods in the market.

The Bangladesh government also protects the domestic market from foreign competition. For example, the Bangladesh Industrial Textile Company (BITC), which owns 55 of the 100 mills in the country and has 40,000 employees, is not competitive in world markets. Managers of BITC indicate the nationalized firm produces lower grade fabrics for the cottage market and purchases new 1950s and 1960s vintage machinery when plants are being modernized. Those purchases are occurring at a time when there is an ample supply of used machinery available in international markets.
The textile industry is deliberately seeking to apply labor-intensive technologies, recognizing that its costs will be higher than those of world competitors. As a result of quality regulations on the purchase of machinery, the industry arguably pays more for its capital machinery while producing a lower quality product at higher cost. Employment is expanding in an industry that cannot survive in world competition. At present the industry has a surplus of cotton yarn that cannot be sold competitively in world markets. Cushioning this effect, the Bangladesh government progressively divests itself of certain plants, allowing them to enter the private sector.

Quality regulation in Bangladesh covers goods produced and consumed in the domestic markets as well as goods traded internationally. The regulations are a central part of an overall plan for the development of the country's economy. There is little doubt that quality regulation has had significant effects on the economy.

3. **Hong Kong**

The colony of Hong Kong has perhaps the least intrusive quality regulation of any of the countries visited and studied in the project. The approach to quality regulation, like the government's approach to other economic matters, is based on a deep commitment to the creation of wealth through trade. With some 47,000 factories and 850,000 workers, the Hong Kong economy is heavily dependent on maintaining its free port status. As a consequence, basic regulations having to do with fire standards, food safety, drug registration, and some safety and health regulations are the primary ones applied when government issues import licenses and regulates local producers.
Although Hong Kong enjoys a much deserved free market reputation, quotas are applied to the importation of rice, but not by country of origin.

The Hong Kong government is reluctant to set Hong Kong quality standards for consumer goods for fear of alienating those countries whose products might be excluded. Further, if Hong Kong standards were developed, they would likely parallel those already used by some major trading nation, such as the United States and the United Kingdom. Adoption of one country's standard might create friction with the producers of the country not chosen.

Instead of developing quality standards for imported and exported goods, the Hong Kong government plays a major role in assisting local industry in dealing with the complex maze of standards inherent in world trade. The government provides assistance in three important ways: 1) The government maintains a computerized information system that contains information on all standards that have been set by trading partners. A Hong Kong firm that receives an inquiry for a product to be shipped to the U.K., for example, can obtain detailed information on the precise standard to be met. 2) Going beyond the provision of information, the Hong Kong Government Laboratory provides testing services, augmenting similar services offered by the private sector, so that a local firm can have a government-certified test document to accompany its goods in world trade. 3) The government provides instrumentation testing and metrology services, so that Hong Kong manufacturers can be certain that their quality assurance program and devices installed to monitor quality are properly designed and calibrated. The government laboratory traces its standards to the U.K. and to the U.S. National Bureau of Standards.
Because of the government’s noninterventionist philosophy, a market for testing facilities that augments those of the government laboratory has emerged in Hong Kong. More than 50 private laboratories, which specialize in different products and with varying scopes of operation, compete to offer their services to individual firms. In addition, a large not-for-profit laboratory, the Hong Kong Standards and Testing Centre, Ltd., has emerged from the sponsorship of the Federation of Hong Kong Industries. This modern, newly equipped laboratory, which holds membership in various international and regional standards organizations, provides testing and certification on a fee basis for a large array of manufactured goods that range from toys and textiles to electrical machinery and computers. The laboratory also has extensive library holdings on the standards and test requirements of other countries and provides search capabilities for specific requests made by clients.

A growing interest in consumerism has emerged with the development of the Hong Kong domestic economy. Resisting the urge to provide Hong Kong standards, the government has looked to the private sector for a response. A system of voluntary standards agreed upon by the Federation of Hong Kong Manufacturers has emerged along with an associated quality mark that is licensed to local firms that desire the standards. The Hong Kong Standards and Testing Centre then provides independent verification that quality standards are met. Once licensed, the producer of the labeled product must stand audits of its products both in the manufacturing stages and in the market place. Producers are free to accept or reject the quality mark program. As a result, both marked and unmarked consumer goods compete in the market place. There is
some indication that interest group pressures may affect the standard setting process in ways that benefit particular producers. Joint action by influential members of the Federation of Hong Kong Industries could generate anti-competitive effects, if agreement on a uniform quality level is formed.

In 1979, the leadership of the Hong Kong business community, known as the Committee on Diversification, began a major effort to diversity the manufacturing base in the face of growing world restrictions on the exportation of textile products. What can be termed industrial policy led to major government expenditures on equipment installed in the Hong Kong Laboratory Accreditation Scheme, which supports the calibration and metrology effort mentioned earlier. This activity is a part of the committee's attempt to bias Hong Kong production away from textiles and other lower-priced exportables affected by quotas toward higher value-adding electronic and technical products. This same effort includes training programs and other services provided by government for private firm quality control personnel. As an integral part of this activity, the scheme includes accreditation of private testing facilities in Hong Kong, which gives those laboratories recognition by the governments of trading partners.

The production of precision mechanical and electrical goods requires manufacturers to maintain tolerances. Somehow, the firm must be able to assure buyers that an ohm is an ohm, a centimeter, a centimeter. By having metrology capabilities in Hong Kong, other laboratories and industrial firms that use highly sophisticated test instruments can have those devices calibrated in a matter of days, instead of months, when instruments had to be shipped to the
U.S. or the U.K. for calibration. While there is clearly a variable cost savings, the accreditation scheme places the Hong Kong government directly in the path of quality regulation, inasmuch as the government will approve and maintain the memberships of the accredited laboratories. In any case, protectionist steps taken by Western trading partners have spurred Hong Kong to adopt an industrial policy that has altered the production of exported goods.

There is another interesting quality response to Western forms of protectionism. Under the quota system used by numerous countries to control imports, a shipper cannot reship goods when the buyer finds them unsatisfactory. That is, reshipments require more quota. This means that the variance of quality for exported goods has to fall, reducing the quantity of rejects, when quotas are imposed on the exporter. The resulting increase in demand for quality control and standards suggests that protectionism in one country can be translated into domestic regulation in another country.

In sum, Hong Kong’s approach to quality regulation is relatively pro-competitive. The activities of government are minimal; a competitive testing industry is involved in providing services to producers that are frequently provided by government agencies in other countries. In addition, the voluntary standard approach taken for regulating consumer goods, while offering some reason for concern, is pro-competitive. Protectionist moves by Hong Kong’s trading partners have stimulated government and trade association activity in the future. In addition, the growing of the Hong Kong consumer market, which now consumes ten percent of the industrial output, and the growing influence of consumer groups on government, predict more government quality regulation.
4. **Morocco**

Unlike Hong Kong, where quality regulation is derived primarily from international forces, Morocco has numerous domestic standards and few that apply to internationally traded commodities. There are two-hundred standards that apply to domestic goods, standards that deal with safety, health, weights and measures. All standards are set by government ministries that specialize in the affected commodity. Domestic producers of consumer goods are then informed of the mandatory standards and the Customs Office is informed for the implementation of the standards that regulate imported goods.

Morocco has based its 200 standards on widely accepted international standards, such as those used in the U.S. or U.K. Standards are occasionally modified to be consistent with peculiar Moroccan conditions. For example, international edible oil standards of acidity are modified to be consistent with Moroccan climactic conditions.

Imported goods are examined and tested by the relevant commodity ministry or in a government laboratory to determine that standards are satisfied. Goods that fail the test are either destroyed in the presence of the importer or the importer agrees to re-export the non-complying goods. There are a number of government laboratories for testing commodities and include specialized laboratories for packaging materials, a metallurgical laboratory, one for construction materials, and a laboratory for sugar products. Both the Ministry of Agriculture and the Ministry of Mining have separate testing facilities, with the latter agency being involved in the
testing of petroleum products as well as other minerals. While the laboratory community is largely a public sector phenomenon, there are a few private laboratories, and some manufacturing firms large enough to have their own testing facilities.

Quality regulation is expanding in Morocco. Government officials indicate that the 200 standards are incomplete and cover too few products. Further, there is no general consumer protection legislation and no specific laws that focus on the provision of product information on labels and packages. Products destined for the consumer market but not covered by one of the 200 standards may be found to be defective in a government laboratory test. But the government cannot legally pull the product from the market.

Legislation is now being drafted to extend government's regulatory authority. As proposed, the legislation will provide for a review and revision of all existing regulations as well as for the development of consumer information rules. In determining product standards, the Moroccan government forms committees that have representatives from consumer groups, manufacturers and government. While it is logical that those affected by the regulations have a voice in their design, there is an efficiency risk that special interest will influence regulation in anti-competitive ways. Regulations that specify the use of uniform information on labels can make it more costly for new products to be introduced into the market by limiting the ways producers can differentiate products. For example, government specification of terminology denoting levels of quality can favor the production methods of particular producers.
Like Bangladesh, Morocco has quality regulations that affect the importation of machinery. Prior to 1975, the importation of used textile machinery was proscribed on technological grounds. The policy was reversed in 1975 and importation was permitted. A recently revised procedure requires that licenses be obtained for importation of used textile machinery. There is, however, no global constraint on the importation of used goods. And government officials indicate that licensing requirements are not used to limit the flow of goods into the economy.

The Moroccan government is deeply involved in the regulation of exported commodities. In some cases, quality regulation is used as a device to raise the average price received on Moroccan products. For example, prior to shipping minerals, the exporter must obtain an export license that requires quality certification. In the absence of bribery, low quality minerals are denied export certificates. It is also possible that government regulation of the quality of exported minerals prevents price cutting, in that officials indicate that careful examination of quality assures that goods will not be under-invoiced. The control of foreign exchange generates another demand for quality regulation. By matching quality and price and approving invoices, government controls the amount and flow of foreign exchange. Finally, the quality scheme provides government with a means of applying and collecting export duties.

As in the case of Hong Kong, protectionist actions in other countries affect quality regulation in Morocco. The European Common Market is the destination for much of the raw and processed foodstuffs exported from Morocco.
A system of "trigger prices" has been established by the common market countries to protect their agricultural producers. Countersigning duties are applied to Moroccan goods if their price falls below the trigger point. As a consequence, the Moroccan government attempt to bias shipments toward the higher quality part of the market, where average price is higher.

Until October 1984, a Moroccan government marketing board, had a monopoly on the export of raw and processed foodstuffs. Since then, sellers of processed foodstuffs have been allowed either to sell directly to their customers or through the marketing board. Sellers of raw foodstuffs have that privilege since June 1986. There are indications that the monopoly board paid special attention to the estimation of European food market conditions so as to avoid the trigger-pricing problem mentioned earlier. There is concern that uncoordinated exported food products may increase encounters with countervailing duties from Europe and lead to a decline in overall shipments. However, given the competitiveness of world markets for agricultural products, it is unlikely that government coordination could affect significantly the price of Moroccan commodities in world markets. If Morocco withheld shipments of lower quality goods to Europe in an effort to affect market price, other countries could be expected to expand their shipments. Nonetheless, the monopoly board could still affect the composition of Moroccan shipments.

Quality regulation of export products occurs in yet a final way in Morocco in the treatment of handcrafted products produced by a large fraction of the country's working population. There are many self-employed and wage-employed workers in small workshops who make articles by hand using wool, wood,
straw, leather and other materials. The variance in quality across the goods is very large, with part of the variance explained by differences among workers in design and production skill and from variation in the quality of production materials. Glue, for example, which is an intermediary input in the production of many handcrafted items varies greatly in quality. In any case, Moroccan rugs must pass a government inspection and be labeled as government certified prior to their being sold in international markets. Quality defining labels are affixed by state inspectors, who designate the item as either "Superieure," "Moyenne," or "Courante." The classification is based on design, dimension, color, surface and the number of knots per square unit of rug dimension.

Since the market assigns a positive value to rugs based on the quality label, it is indicated by officials that an illegal market in "Superieure" labels has emerged, with those labels being removed from inspected rugs, sold and attached to lower quality rugs. The higher quality rugs that are stripped of their label are then recirculated through the inspection process and labeled again. It is said that some 15 percent of Moroccan rugs are thought to be mislabeled in this fashion.

While certified rugs are demanded and sold in the domestic market, those destined for export are inspected for quality on two occasions: once when the classification is done and the label is initially affixed, and again when the Customs office examines the rug to be assured that its label corresponds to the invoice valuation. There are 30 inspection stations for the small producers who queue for their services, and government officers agree that staffing of inspection stations is insufficient.
Moroccan officials see quality regulation of exports as a device to improve the country's brand name capital. They seek to maximize export earnings by focusing shipments to demanders of higher quality goods, as opposed to maximizing the quantity of goods shipped. By way of comparison, the officials mentioned the case of the Greek international rug trade, where rugs are sold without labels defining their quality. In that instance, export sales rose in the decade of the 1970s but have since declined. While many factors might explain the Greek experience, it is the opinion of the Moroccan government that labeling is necessary for long-run profitable participation in international rug markets. Mandatory labeling procedures may indeed be efficiency-enhancing in this case. The use of a range of quality measures reduces the likelihood that the procedure can be used as a device to generate rents for one particular group of rug producers or agents. There is still the possibility that the lower quality rating is too high, which is to say that low quality producers are rationed out of a market that in fact would find that quality to be optimal.

Quality regulation in Morocco is extensive now and growing. As observed in other developing countries, consumer group pressures offer a principal reason for imposing additional consumer protection regulations on the domestic economy. The associated efficiency risks are especially troublesome where mandatory standards are adopted extensively.

Morocco's recent relaxation of its control of food and foodstuff exports suggests that competitive forces may play a larger role in that sector's development. At the same time, the country's use of licenses for the
control of imported machinery may still be associated with restrictions on the attainment of least-cost industrial expansion.

5. **Singapore**

An island of two-and-a-half million people, Singapore shares many traits with Hong Kong. The country prides itself in its free port status and has few restrictions on goods entering the country, although licenses are required for the vast majority of them. But while the movement of goods into and out of the country is relatively unrestricted in gross terms, there are numerous domestic quality standards that affect imports, exports and the operation of the domestic economy. The country offers an example of one that has used standard setting as a device to effect a national plan. Operating under a system of strong national discipline, the country has set and achieved high quality standards for goods produced and consumed. Just how efficient the process will be in the long run is yet to be recognized.

The Singapore Institute of Standards and Industrial Research (SISIR) is the key government agency charged with the development and promotion of quality standards. The Institute contains in one organization all the services provided in Hong Kong by testing laboratories, the calibration scheme, many of the services provided by the Hong Kong Government's Industry Department and more.

At present, SISIR has developed 390 product standards and codes of practice, having added 25 to the list in 1984. The standards cover products and practices that include building materials and construction, chemical
products and handling, food products, electrical machinery, packing materials and package size, and mechanical engineering standards. Products as diverse as doors, toilet seats, carbonated drinks, shoelaces, ballasts for lamps, ceramic tile and escalators are covered by specific technical standards.

In developing standards, SISIR follows the common practice of adopting well-established standards, such as a British or American standard, and applying them to domestic producers and imported goods. In some cases, the agency develops its own Singapore standard. In yet other cases, the agency will accept responsibility for certifying a particular company standard. In the process of reaching a final determination, the agency has deliberately sought to make standards "technology forcing." Standard setting is, therefore, a part of the government economic development plan, which focuses on the expansion of exports of high value adding, low weight, high tech products produced by skilled labor. Singapore has deliberately sought to push wages higher by increasing labor productivity. By using standards that effectively define technologies, the Singapore government can accomplish what other countries attempt to bring about through the setting of quality controls on imports. Where Bangladesh, for example, limits the importation of used machinery of all categories, thus forcing the purchase of new machinery, Singapore sets product standards that require the latest technology. The end result of overall economic efficiency may be the same. But there is greater choice and opportunity for cost-effective investment in the case of Singapore. Both countries run the risk of forcing the installation of equipment that may not result in least cost production.
The development of Singapore standards, like the process in other countries, is done through committees composed of representatives from major firms and industries, government and consumer representatives. There are indications that larger firms have heavier influence in the final determination of standards, which suggests that significant anti-competitive biases might enter the process.

SISIR promotes its licensed quality mark, which is applied to consumer products and is highly advertised by producers. The Institute also operates a quality assurance program, monitoring the manufacturing techniques and quality of its licensees. Although SISIR does not have regulatory authority, meaning that its standards do not carry the force of law, its actions are often referred to in government legislation, and SISIR standards must often be met by government contractors. In other words, while SISIR standards are described as being voluntary, they often have mandatory effects, especially where imported goods are involved.

SISIR also is an approved agency for inspecting goods to be shipped to a number of trading partners. The Institute has been certified by other countries to assure the quality of Singapore exports. Going further, the Institute is involved in research and development of new products and services and on occasion spins off developed products to an operating subsidiary. The Institute participates in international and regional standards organizations and provides on-line information services on fee basis to clients.

With all its capabilities and the force of government, SISIR is not a monopolist in the testing business. Independent laboratories compete in the
The quality control strategy underway in Singapore is less competitive than that of Hong Kong, relies heavily on standards that are effectively mandatory, and attempts to influence choice of production techniques. Like Hong Kong, Thailand and other developing countries, Singapore has a strong consumer movement that is calling for more quality standards. But unlike Hong Kong, Singapore is responding actively.

With Singapore's rapidly rising income, a per capita income second in Asia to that of Japan, a tightly organized and managed society, and a central vision of what it should be and how it should look, the country has used quality standards as a tool for export expansion and import substitution. The SISIR mark is promoted in world markets and is accepted as a quality indicator that gives brand name capital to Singapore products. The export expansion effort seems to be pro-competitive. The domestic market is another matter, however.
When an international standard is applied to the production of goods of which most are destined for international markets, the domestic market is apt to receive the same goods, even when a lower or different quality good would be efficient. Firms having economies of scale in producing for international markets will predictably lobby for a mandatory domestic standard that is based on the international market. A successful strategy can result in raising competitors’ costs, biasing local production to higher quality goods, thereby raising consumer prices. The strategy is consistent with special interest consumer group desires for higher quality goods as well as with a national plan that favors a uniform and high quality consumer goods market. A production bias that favors higher income consumers while denying goods to other segments of the market leads to a deadweight loss.

Since Singapore is not a major producer of commodities, but is a major shipper of commodities produced in neighboring countries, there are no Singapore commodity standards.

6. Thailand

The Thai economy, in contrast to those of Hong Kong and Singapore, represents a social system in the midst of evolutionary change from an agricultural society rich in tradition to a mixed industrial high consumption economy. The government’s approach to quality regulation reflects the many tensions associated with the ordeal of change. The traditional society, represented by extended families that farm rice paddies, is self sufficient in food and other basic necessities but aware of the growing array of consumer
goods and opportunities for economic growth. As a result, the Thai government has a combination of quality regulations that reflect its older commodity base and its growing consumer goods economy.

Thailand has commodity standards for 12 products: tapioca, sorghum, maize, salt, fibre, kapok, mustard seed, teak, silver, mung bean and fish meal. The Export Commodity Standards Division of the Foreign Trade Department, which administers the standards, is a combination laboratory and certification operation. It offers its own inspection services to assure that both Thai and importer country standards are met. Generally, Thailand adopts the standard of its major buying country for its own.

While the government laboratory provides certification services, there is competition in that market. A shipper can go to any private laboratory, of which there are many, and obtain certification papers for commodities being exported. Thai silk is an exception to this, however. As in the case of Moroccan certification of rugs, the Thai government is the monopoly regulator of silk shipped in international markets. But unlike Morocco, the Thai government inspects, certifies, packs and seals silk products prior to their being shipped. Barring bribery, there is no opportunity for a market to development in quality labels. Even so, Thai silk producers face a serious problem posed by the presence of counterfeit Thai silk in international markets. Their apparent brand name capital is being eroded away by competing products, which suggest that the quality of competing goods is rising. There is no certification of silk quality in the domestic market where seller reputation is relied on to monitor quality.
Turning to other commodities, Thai regulation requires any person in the export business to have a product-specific registration certificate that has a one-year life. The certification process is intended to assure that standards are being met by the exporter. Exported products are then inspected prior to their passing through customs on their way out of the country. Failure to observe the standards procedure results in the loss of export certification by the shipper.

Thailand faces the problem of having surplus production in most of its agricultural products, a problem that stems from the government's price support program. With more domestic supply than can be absorbed in domestic and world markets, at the guaranteed price, any anti-competitive effects of commodity standards are disguised. Put differently, the efficiency losses of the price support programs overshadow the effects of the commodity standards. Both programs generate excess supplies in commodity market. Government officials involved in the administration of the commodity standards program admit there are problems when an international buyer will accept a lower quality standard than the Thai standard. That occurrence suggests there are deadweight losses generated by the standards themselves, losses that compound those associated with the price floor.

Along with its control of the quality of exports, Thailand regulates the quality of certain imported goods. These includes: gold ore and metal, 100 percent pure silk, soluble coffee, granulated sugar, paper umbrellas, unbleached cloth, used cars, used motorcycles and used trucks. These products join a long list of other goods restricted for the purpose of protecting domestic industries.
The Thai government also has a system of quality standards for products sold in the domestic market along with a quality mark that is licensed to firms that comply with the standards. The domestic product quality scheme is administered by the Thai Industrial Standards Institute, which is a part of the Ministry of Industry. It is the responsibility of the Institute to: 1) prepare and publish national standards; 2) grant licenses for the use of the standards mark; 3) promote implementation of standards; 4) represent Thailand in international and regional standards organizations; and 5) be responsible for complying with all international food standards. In addition to undertaking these activities, the Institute works actively with the ASEAN countries to harmonize standards and thus expand trade in that common market. Thus far, Indonesia, Malaysia and the Philippines have been cooperative in the harmonization effort, with each country taking on particular product categories for the purpose of developing an ASEAN standard. Singapore has been a reluctant participant in these proceedings.

As is typical, the Thai standards organization develops standards through a committee process with industry, consumer, technical experts and government officials represented. Once a standard is identified, a proposal is published and comments are requested. In some cases, standards are developed at the request of major manufacturers and producers, a development which raises questions about special interest demand for government and anti-competitive behavior.

As in the case of other countries discussed here, Thailand has voluntary and mandatory standards but licenses a different quality mark for the
two systems. Compulsory standards have been issued for some 16 products that include PVC insulated cable, gas cylinders, steel reinforcing bars, tapioca products, canned pineapple Laundry detergents, automotive safety glass. All such products marketed in Thailand must comply with the government standard. Voluntary standards apply to another hundred products or more.

Whereas standard setting in Singapore is partly devised to promote export expansion, standard setting in Thailand is primarily related to import substitution, a strategy that assumes Thai consumers have imperfect knowledge regarding the quality of domestic products. The underlying notion, which is an interesting one, and leads to a more efficient alternative to outright protection of a domestic market, suggests that consumers in developing countries tend to assign a lower quality estimate to domestic goods than to imported ones because of past experience with domestic goods. When the country begins the process of industrial development and adopts advanced manufacturing technologies and quality control there is a lag in consumer perceptions. To offset the lag, so the argument goes, the government promotes a quality mark that can be displayed voluntarily.

The argument, which has a theoretical appeal, begins to weaken as the development process continues and standards become mandatory. Special interest groups may seize upon the standard setting process as a device to raise competitors' costs, thereby gaining market power. The potential problem is recognized by Thai officials, while they accept the underlying problem occasioned by misperceptions of Thai product quality.

The regulation of quality in Thailand includes the typical regulation of food and drugs, much like that of the Food and Drug Administration (FDA) in
the U.S. All drug products must be registered and certified by the Thai FDA. However, Thailand must also deal with traditional medicines, which have been produced and used for centuries on the basis of folk custom. The Thai FDA takes a rather benevolent attitude toward products that appear to have little if any active ingredients, as viewed by modern science. And somewhat like their Western counterparts, the Thai officials increase and decrease the strictness of their enforcement and regulation of drug regulations as their economy waxes and wanes.

The pursuit of quality in manufactured goods in Thailand is assisted by government through the provision of educational programs and efforts to encourage the implementation of quality control programs. The Thai Export Training Center, funded largely by the Japanese government, provides training programs for large manufacturers, organizes trade shows, provides expert assistance in the installation of quality control and quality and assurance systems, and works generally in the export expansion arena. Along these lines, certain industries have been targeted for export growth. These include high fashion apparel, jewelry, electrical machinery, and electronic goods.

When considered in the development spectrum, Thailand is in a distinct transition. The country has both a large agricultural economy and a significant and growing industrial economy. There is understandable tension between the forces of growth and resistance to it that comes from a desire to hold traditional customs and values. Quality regulation reflects an interplay of these forces. As a result, Thailand has a rich mixture of regulation, rules that cut across every sector in the economy.
The Turkish economy is experiencing regulatory reform, privatization of industries operated previously by government, and an expansion of international trade. Regulatory reform has far to travel, however, when quality regulation is considered. At the present time, there are approximately five thousand product standards, although the majority of them are advisory or optional. Nonetheless, approximately 760 standards are mandatory. Until very recently, however, none of the standards applied to imported goods, but instead focused solely on the domestic economy. Recent changes have led to the enforcement of domestic standards on imports. Based on these facts alone, Turkey is by far the most heavily regulated country in this survey.

The responsibility for quality regulations in Turkey rests with the Turkish Standards Institution (TSI), established in 1954. The genesis of new regulations is interesting. A product becomes a candidate for regulation on the basis of an annual questionnaire sent to producers, consumers and members of the scientific community. Those responding must provide a justification and a suggested standard when identifying a candidate product. The largest response to the questionnaires comes from industry, which suggests there is a high risk of efficiency loss that might come from larger firms seeking to impose their standards on smaller ones.

Once a candidate for regulation is selected by TSI, a technical board is established to review the product and make a recommendation. The board has the usual composition of members; industry, consumer, government, and technical
expert. After circulating a proposed standard to the larger community, final regulation is selected that may be voluntary or mandatory as determined by the board.

In March 1985, in response to pressure from Turkish industry, the Ministry of Industry and Commerce decreed that all imports must meet the same mandatory standards applied to domestic goods. Importers are required to obtain a Standard Conformance Certificate from the TSI prior to releasing goods to the domestic market. The 760 quality standards apply to practically every category of manufactured and agricultural product one might imagine. As might be expected, there is little indication that the mandatory standards have affected the flow of imports to Turkey. For example, in the period from March to December, 1985, 2155 import shipments were examined by TSI for compliance. Slightly more than one percent were found to be below standard. Firms in international markets adjust to the rules of the game. Goods not meeting a standard would not be shipped.

Quality regulations affect imports in other ways, however. As a part of the government's program to encourage investment and direct it to particular regions, the State Planning Organization has an investment incentive plan that can apply to the importation of machinery. Included in the incentive package are subsidized interest on loans, access to international finance, forgiveness of taxes on profits and the elimination of duties on industrial machinery. There are indications that requests to import new machinery are viewed more favorably than those involving used machinery and spare parts, since the latter are considered on a case-by-case basis. About 20 percent of all requests under
the incentive program have involved used machinery and these came principally from the textile, shipping and machinery industry.

Quality regulations also affect the importation of vehicles. No foreign exchange can be used to import used cars, and the importation of used trucks is prohibited outright. Regulations do allow Turkish citizens who are relocating to Turkey to import one used vehicle with their household goods. However, the car can be no more than three years old and have a maximum engine size of 1700 cubic centimeters. Even with the controls, approximately 20,000 used cars are imported annually.

In addition to the regulations of quality of imports, Turkey imposes regulations on approximately 70 export items. These are, by and large, agricultural products, which are inspected at 47 locations in the country. Certification of approval is then presented to customs officials when the goods exit the country. The list of regulated products includes fruits, vegetables, oil seeds, leather, edible oils, hazelnuts, acorns, mohair, pistachios and cotton.

There is evidence to suggest that inspections were not rigorously enforced in Turkey, once a grower's reputation for quality was established.

Another picture of quality regulation appears when cotton trade is considered. Standards for cotton are applied after the ginning process, at which time a request for inspection is made from one bale selected by the expert, who classifies the cotton, marks it, and provides a certificate to be used in domestic markets. If the product is to be exported, the domestic certification is accepted and an export permit good for 60 days is issued. If cotton is not shipped within the period of the permit, it must be reinspected.
The quality standard applied by the Turkish government and the inspection process itself may be useless. The market requires inspection based on a commercial classification that is different from the government's. The government's inspection process is actually used to assure the collection of taxes. Each lot of cotton receiving an official inspection must be invoiced according to that inspection and the value added tax is calculated accordingly.

There is also an export tax on cotton, though the current government no longer enforces its collection. When in force, the level of taxation is based on the region from which cotton is shipped, with the region serving as a proxy for different grades of cotton. The rate of export tax on higher quality cotton, which is grown in well identified regions, is higher than that for the lower quality cotton. The stated purpose of the differential is to discourage the exportation of the better cotton, making it more abundant in supply for domestic cotton users. But the regional differential led to the cross-hauling of cotton and the avoidance of the high tax. Inspection of the cotton could have served as an enforcement mechanism to offset tax avoidance.

Since 1980, there has been considerable liberalization of trade in Turkey. Many restrictions on imports have been lifted, although substantial duties and quality regulations remain in force. The Turkish Ministry of Industry and Commerce is currently considering entry to the Technical Barriers to Trade Agreement, which is available to members of GATT. To make that move, the government must increase the amount of resources committed to the Turkish Standards Institute, which would be charged with testing and certifying products shipped in international trade. With a larger budget, more regulation
should be expected. With its rich and expansive array of quality regulations on domestic and internationally traded goods, Turkey may suffer considerable loss in efficiency. Flexibility in production and the introduction of new and different consumer goods may be stymied. Further, the use of regulation as a device to effect improvements in the collection of taxes may add an additional element of waste, especially when the regulation has no other practical value than to assure "proper" tax collection.

**Uruguay**

Although regulations in Uruguay focus primarily on the international movement of goods as contrasted with the domestic economy, the international regulations interact with domestic markets and bring common domestic regulations. For example, all imported products and domestic goods must bear labels that show the quality and composition of the contents. Health and sanitary regulations apply to commodities sold in retail markets and are generally enforced by municipal authorities. Imported and domestic goods are treated similarly throughout the regulatory system. Unlike Bangladesh, Hong Kong, Singapore and Thailand with their systems of mandatory and voluntary standards, all regulations in Uruguay are mandatory.

The most extensive array of quality regulations in Uruguay reflects the specialized nature of the country's agricultural sector, which centers on the production of beef, hides, leather and related products. There is also heavy commitment to the production of feed grains to complement the cattle industry. A government agency, the Instituto Nacional de Carnes (National Meat
Institute), controls the commercial quality of meat exports, including meat products and sub-products. Quality and technical regulations are set to secure a minimally acceptable level of quality in international trade, which is seen as an effort to improve the country's brand name capital. The Institute plays a marketing function by promoting the sale of Uruguayan products and inspects all exports to assure that buyers' and minimum standards are met.

In a related quality control program, all imported seeds are regulated by the Division of Cereals of the Ministry of Agriculture. Most of the sorghum, corn, and horticultural seeds and most hybrids sown in Uruguay are imported, as is most wheat seed and all sugarbeet seed. Private firms specialize in the importation of seed and other agricultural products, such as tractors and veterinary products. To import, a firm must be registered in a Registry of Seed Merchants maintained by the Cereals Division. Permission to import must be obtained for each shipment, and upon arrival samples from each shipment must be tested. Permission to market the shipments is based on the laboratory analysis. Minimum standards of cleanliness, absence of disease, and germination are well known to seed importers, so rejection of shipments occurs only infrequently.

The products associated with the large livestock industries and activities related to it are referred to as traditional products in Uruguay. Nontraditional products are regulated by a government agency known as the Laboratorio Technologico del Uruguay (LATU) and the quality of exported fish and fish products is regulated by the Instituto Nacional de Pesca (INAPE). LATU was established in 1964 and began its operations in 1967. A unit of the
Ministry of Industry, LATU enjoys relative autonomy, being governed by a separate board whose members include a representative of the private sector Chamber of Industries. LATU is financed by an excise tax on the value of products imported, processed and re-exported from Uruguay. The agency also participates in the international exchange of standards information.

In setting mandatory standards for nontraditional exports, LATU consults with committees of exporters and the Chamber of Industries. International standards, such as those of the United States are often used as a point of departure for the development of Uruguayan standards. Mandatory standards have now been developed for several dozen products, which include leather for shoe manufacture and repair, synthetic detergents, mineral cleaning powders, wood milled for mosaic and parquet flooring, and a wide variety of processed foodstuffs.

With operations somewhat like those of the Singapore Standards Institute, LATU examines goods that are to be exported, provides technical expertise and laboratories for testing products, and periodically inspects the manufacturing facilities of exporters. Technical advice for the development of production and quality control systems is also provided by LATU.

The rapid growth of fish exports has led to an expansion of services offered by the Instituto Nacional de Pesca (INAPE). In 1974, 16,000 tons of fish were harvested; the estimated harvest for 1985 is 139,000 tons. In dollar values, fish exports have grown from $1.1 million in 1974 to $54.0 million in 1985. INAPE, created in 1974 as a unit of the Ministry of Agriculture and Fishing, is charged with advising, promoting, developing and controlling
fishing, activities and all aspects of processing. The agency deals with fishlife biology and experimental fishing, and engages in studies of the industry.

INAPE's inspection system is divided into four components: inspection of fish at unloading docks, the inspection of processing plants, laboratory control and certification of fish products, and the inspection of export shipments. Inspectors control sanitary conditions on fishing ships, in storage buildings, and in fish cartons, the use of ice, and the transport of fish INAPE also makes daily inspections of fish processing plants. Fish that do not pass inspection are required to be converted into fish meal.

To be exported, Uruguayan fish products must carry an INAPE certificate that indicates the products have met the standards of the institution and of the buyer. At the moment of embarkation, INAPE personnel verify that the shipment has been authorized, that the shipment is properly packed, and that temperature controls for the shipment are adequate and correct.

Despite the extensive enforcement of quality controls on exports by the various agencies of the Uruguayan government, the Geneva-based firm of SGS, mentioned earlier in the discussion of Singapore, is actively involved in Uruguay along with other private firms. SGS works mainly with shipments of meat, wood, cereals, rice, fish, and citrus products. The success of the private sector firms is said to occur because of a lack of confidence of foreign buyers in the official certificates provided by government agencies.

Along with efforts to promote and improve the Uruguayan brand name in international markets, an activity that carries with it the risk of undue
restriction in output, the Uruguayan government also protects its domestic markets through the use of quality regulations. As in the case of other countries included in this survey, Uruguay limits the importation of used vehicles. Indeed, their importation is prohibited. There are four auto assembly plants in the country, which produce in aggregate several thousand vehicles per year. The restriction on imports of used vehicles is described as a protective measure for the domestic automobile industry.

Uruguay is deeply involved in the regulation of internationally traded commodities. The specialization of its regulatory institutions reflects that of the economy. To some extent, government agencies behave like a firm that seeks to promote products and assure their quality. Since the country is not a major factor in any commodity traded in world markets, it must accept international standards of quality when it regulates. That is, Uruguay cannot successfully use quality regulation as a device to monopolize markets. On the one hand, the extensive quality regulation applied in the country can impose costs on the economy that limit its ability to expand trade. On the other hand, efficient provision of quality information may permit Uruguayan producers to penetrate additional markets. As between these possibilities, the presence of SGS and other private inspection companies suggests that government agencies have not been completely successful in accomplishing the goal of brand name improvement, at least cost.
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AFGHANISTAN

General Trade Regulations. Foreign exchange is controlled through the Da Afghanistan Bank. The government controls imports through "importer associations". Private sector imports are channeled through the Commerce Ministry. No exclusive arrangements between private firms and foreign suppliers are allowed.

Pharmaceutical Regulation. In order to be imported, pharmaceutical products must first be registered in the official Afghan national "Formulary". In order to be registered in the book, the subject product has to be approved by the Afghan Formulary Committee. The Afghan Formulary Committee must receive, from applicants, the following documents: 1) An official document that the products are registered with the Health authorities of the country of manufacture, 2) the relative analysis and quality control data from the government drug control laboratory of the country of manufacture, 3) latest price lists, business conditions and insurance facilities of the supplier, 4) a list, certified by the Health authorities of the country of manufacture, of other countries to which the products are exported, and 5) reprints of any international scientific or research publications, essays or clinical studies, if available.
ALGERIA

**General Trade Regulations.** There is movement towards government exclusivity in importing. State trading organizations with import monopolies have been developed. There are import monopolies of iron hardware goods, household equipment, cereals, agricultural produce, medicines and pharmaceutical products, textiles and clothing, publications, chemical products, construction materials, iron and steel products, tobacco products, electrical household appliances, timber, mechanical equipment, electronic equipment and raw paper products. Law No. 78-02 gives the government a monopoly on foreign trade. Foreign exchange is strictly controlled.

**Pharmaceutical Regulation.** Decree No. 76-139 (October 23, 1979) is the regulation governing the import of pharmaceutical products. It includes the procedures for testing pharmaceutical products and for seeking authorization for their sale in Algeria. The import of pharmaceutical products is handled by the state monopoly. This agency conducts the quality testing.
ANGOLA

General Trade Regulations. Imports have been severely limited because of war. General imports had been suspended for a time. All imports must be licensed by IMPORTANG, the government centralized import agency.

Pre-shipment inspection: For all import contracts negotiated after March 1, 1980, the government of Angola requires that imports into that nation be covered by an inspection scheme (for price, quality and quantity). Inspection is to be effected by the Superintendence Company Ltd., or its local representatives. In the United States, this means the Superintendence Company, Inc., 42 Broadway, New York, New York, 10004 (212-482-8700).

Standards, Inspection or Special Permission for Specific Commodities. There are special regulations governing the manufacture and sale of most fermented drinks and their derivatives. Special regulations govern the preparation and marketing of animal feed. Legislative Dispatch No. 4002 (July 11, 1970) established regulations for meat, both as regards its preparation and transport, distribution and sale. Established, among other regulations, are certain standards for refrigeration.
ARGENTINA

General Trade Regulations. In January 1984, the Argentine government published a series of resolutions implementing a new import control system. All shipments require an import certificate issued by the Secretariat of Commerce. Importers will have to submit more detailed information than previously required, including a thorough description of the product. Foreign exchange is controlled by the central bank.

Differential Tariffs based on Quality. For duty valuation, minimum import prices have been established for automobiles. For finished automobiles, the minimum price is U.S. $4.00 per cubic centimeters of cylinder capacity. For most other vehicles, the minimum price is U.S. $7.00 per KG weight. A minimum of 15 percent is added for freight costs. (These are 1979 indicative figures only.)

Pharmaceutical Regulation. The importation of pharmaceutical products is subject to the control of the Secretariat of Public Health. Pharmaceutical products may not be sold until an authorization for sale is issued, pending analysis of a sample taken from the shipment at customs.

Standards, Inspection or Special Permission for Specific Commodities. At the end of 1977, imports of used goods were suspended, except for used capital goods, which may be imported if authorization is obtained from the Secretariat of State for Industrial Development.

An official certificate of analysis, indicating the percentage of purity must accompany all shipments of crude sulfur.

A certificate of production, issued by the exporting country, must be presented to the consulate and must accompany all shipments of electrolytic copper in the United States from ores originating in LAIA countries.

Import Regulation. A new import regime came into effect under Presidential Decree No. 319. The import of goods classified as "nonessential" was prohibited from December 29, 1983 until June 30, 1984. The Secretary of Commerce was empowered to grant import licenses for goods on this list in light of the quantity or quality of domestic production (Presidential Decree No. 319 established December 29, 1983).

Export Regulation. Labeling requirements are such that quality, quantity, purity and mixture information must be printed on all retail containers (Exporter's Encyclopedia 1984/85; pp 2.50-51).

Sanitary certificates, legalized by an Argentine consular office, are required for most exports of agricultural and livestock products. Requirements are the same for these products as imports (Dept. of Commerce OBR, May 1985).

Standards. IRAM, a private standardization institute with some official recognition, introduced a quality certification mark to be used by firms producing approved products. Quality inspection procedures are generally more strict for export products (Exporter's Encyclopedia 1984/85 and UNCTAD document No. TD/B/C.6/30, 1978).
BAHRAIN

General Trade Regulations. Bahrain exercises no exchange control. Licenses are required for only a handful of goods. No information is available on product requirements or standards, however, Saudi Arabian, British or U.S. standards may be requested or considered acceptable.

Pharmaceutical Regulation. A certificate is required for all kinds of medicine and drugs, stating that the drug is permitted and valid for use in the United States.

Standards, Inspection or Special Permission for Specific Commodities. Some electronic equipment may require special permission from Bahraini officials for importation.

Standards. The organization for Standardization and Metrology for the Gulf Cooperation Council (GCC) countries has established forty-eight standards. These standards, all of which have been adopted by the six GCC countries, cover food, electrical cables and cords, sizes and measurements of paper, general safety requirements for cars, basic standards for units and measurements, etc. (correspondence from the Assistant Undersecretary for Commercial Affairs, September 28, 1985).
BANGLADESH

General Trade Regulations. Foreign exchange is controlled by the central bank. Import licenses are required. Certain trade transactions are conducted through state trading organizations, including the Trading Corporation of Bangladesh (TCB).

Pharmaceutical Regulation. The Bangladesh Ministry of Health, Labour and Social Welfare has published a list of proprietary products of foreign origin which are approved and registered with the drug administration and therefore permitted importation subject to the import policy. Fixed maximum retail selling prices are established for certain imported medicines and drugs. Narcotic drugs must have a permit from an authorized agency of the country of origin before import is allowed. Imports of drugs and pharmaceuticals must be accompanied by a special certificate and by two copies of a technical brochure explaining the items being imported.

Standards, Inspection or Special Permission for Specific Commodities. Imports of iron and steel require a producer's certificate specifying the product conforms to the requirements of one of the following: the American Society for Testing Materials, Society of Automotive Engineers, American Iron and Steel Institute, American Association of Railroads or the American Engineering Association. In addition, a producing mill (testing) certificate and producer's list are required for each shipment.

Only standardized makes of power tillers, tractors, agricultural implements and spare parts are allowed.

Only pesticides and insecticides which have been standardized by the Ministry of Agriculture are allowed to be imported. Import, manufacture, formulation, sale and distribution of pesticides and insecticides are regulated.

Import Regulation. Imports of used items, goods of substandard quality, and factory rejects are not permissible (Import Policy Order No. SRO 265-L'82, July 8, 1982).

Standards. The Bangladesh Standards Institution formulates standards in technical committees to suit the needs of its country. National standards developed by this agency are accepted by government as a basis for trade transaction both within and outside the country (correspondence from the Director of the BDSI, September 18, 1985).

The Ministry of Agriculture, in conjunction with The National Standardization Committee, lists permissible makes of tractors and power tillers that may be used in production (Annex 28, Import Policy Order, July 8, 1983).
BARBADOS

General Trade Regulations. The government of Barbados controls the use of foreign exchange. Import licenses are required.

Pharmaceutical Regulation. Drugs may only be imported under license as issued by the appropriate Barbadian Ministry and may only be sold at any level of trade by those licensed or permitted.

Standards, Inspection or Special Permission for Specific Commodities. The Pesticides Control Act (1973/36) controls the importation, sale, storage and use of pesticides.
BELIZE

Import Regulation. Several imports are subject to license requirements for reasons of health, standardization, or protection of domestic industries (IMF Annual Report of Exchange Arrangements, 1984).
BENIN

General Trade Regulations. During 1975, the State nationalized the export of raw materials, banks, credit organizations, insurance companies, pharmaceuticals, and a radio and cable company. The State has import/export monopolies in the following goods: sugar, rice, wheat, milk, alcoholic beverages, tobacco, pharmaceutical products, agricultural goods and cement. The government controls the use of foreign exchange.

Differential Tariffs based on Quality. For some goods, a "fixed market value" determined by the Customs Department is the basis on which duties are assessed, regardless of the actual purchase price. The "fixed market value" is usually applied only to: certain foodstuffs, cement, petroleum products, certain textile products, used clothing and shoes.

Pharmaceutical Regulation. The state controlled National Pharmacy Bureau has a monopoly on the trade of pharmaceutical products.

Standards, Inspection or Special Permission for Specific Commodities. Since 8/1/73, importers into Benin of vehicle replacements and spare parts must guarantee their customers a supply of the spare parts.
General Trade Regulations. All public and private imports are subject to prior authorization by the Exchange Policy Board. Foreign exchange is controlled by the Central Bank. There are no known Bolivian product requirements or standards, but, U.S., U.K. or other standards or requirements, including those of fellow Ancom members may be requested.

Differential Tariffs based on Quality. The importation of used merchandise is not expressly forbidden, but neither is it given special duty reductions. Moreover, if the item is subject to the minimum value system, duties could be prohibitive. Under the minimum value system, specific minimum values are established as the basis for duty assessment. Goods subject to this system include: certain foodstuffs, wines and spirits, wadding, gauze and bandages, soap, cosmetics and perfume, photographic and radiographic film, paper, chemicals, tires and tubes, travel goods, cotton yarns for retail sale, textiles and clothing.

Pharmaceutical Regulation. Supreme Decree No. 13741 of July 9, 1976 regulates the production, importation and marketing of pharmaceutical and chemical products. Shipments of pharmaceuticals must be accompanied by a certificate of analysis. This may be from the producer, if the producer is reliable. Importation is controlled by the Ministry of Hygiene and Health before importation is permitted. In accordance with Supreme Decree No. 10636, pharmaceutical specialties for human use, veterinary medicants and food for breast-fed babies are considered as "articles of prime necessity" and are subject to quality, cost and price control.

Standards, Inspection or Special Permission for Specific Commodities. Used clothing must be accompanied by a sanitary certificate from the country of origin.


Investment Incentives. Incentives are granted to both new and reinvestment in most economic fields provided that the investment introduces modern technology which tends towards a continued rise in the level of national technology (Decree Law No. 10045).
Export Regulation. The Botswana Meat Commission (BMC), a parastatal, has the sole right to export beef. Beef that does not conform to a specified minimum quality level is ineligible for export. Non-exportable beef is either marketed locally or used in beef by-products.
General Trade Regulations. Exchange for imports is sold by the Central Bank, the Bank of Brazil or the commercial banks at the official rate. The Central Bank's control over transfers abroad is expected to be at least partially relaxed. Import control is currently under the regime of regulations contained in Communique No. 2 (January 2, 1978), which is a consolidation of the standards and requirements then in force regarding importation into Brazil. For most imports, a 'guia' (an import license) is needed.

The Brazilian Trading Companies Act (effective 1972) aims at centralizing export and related services within similar fields so as to produce greater efficiency, economy and volume. Both foreign and domestic interests may set up such centralized enterprises, which can manufacture or contract for exportable goods, be eligible for export incentives and obtain financing on the the basis of goods held for shipment in their warehouses. Such companies are expected to become centers of foreign market research, to gather foreign technological information and to carry on overseas promotions for the export goods they specialize in. Trading companies are eligible for a variety of tax breaks. The government is also involved in scientific and technological development plans.

The Brazilian Federal Government has exclusive rights to the purchase and sale of rubber of any type, i.e. whether produced in Brazil or imported. These operations are executed by the Bank of Amazonia which may authorize firms accredited by the Rubber Superintendency of the National Rubber Council to perform import operations within established quotas, subject to the payment to the Bank of Amazonia an amount equal to 10% of the value of the imported rubber. Quotas are set for each manufacturer according to his needs, assuring the same proportion of the national and foreign rubber to each.

Brazil has recently approved a national standardization and quality control project which is considered vital by both government and industry. Currently, Brazil has only about 4,000 standards and only 1,000 of these have been assimilated by Brazilian industry. The standardization program will be administered by CONMETRO, the newly created Conselho de Metrologia, Normalizacao e Qualidade Industrial, together with the Instituto Nacional de Metrologia, Normalizacao e Qualidade Industrial. CONMETRO, which will be the controlling agency, includes representatives of 15 ministries as well as the Department of the Armed Forces, the Confederacao de Industrial e Comercio and specialized agencies and consumer representatives. The standards are classified into four categories: 1) Compulsory throughout Brazil, 2) Compulsory for state owned organizations and public service concessions, 3) Voluntary, and 4) Experimental.

Brazil is an adherent to the "Standards Code" negotiated and accepted during the Tokyo Round of MTN negotiations under GATT.
Decree No. 73030 (1973) created the Special Secretariate on the Environment (SEMA), which will control the use of natural resources and be responsible for formulating national policy in the area of pollution control. The Secretariate is operating within the Ministry of the Interior and is supported by federal monies. Additionally, it is empowered to receive contributions from either public or private organizations, as well as international organizations. The Secretariate will be guided by the "Consultive Environmental Council" (CCMA). The Council is composed of recognized authorities in the conservation field. The Council will compile a list of pollutants and environmentally harmful substances, organize and develop a team of technical experts for inspection, analysis and other related activities, and campaign on the proper use and conservation of natural resources in Brazil. Currently, the Secretariate is most actively concerned with water pollution and measures to alleviate it within Brazil. More fields will be guided by SEMA, with regard to the environment and pollution, as directives, etc., are issued by the Ministry of the Interior and other arms of the government.

**Differential Tariffs based on Quality.** On certain specified products, minimum values established by the Customs Policy Council are used as the dutiable value unless the invoice price is higher. The Customs Policy Council has broad authority to establish minimum values as a basis for the assessment of ad valorem duties. This authority has been exercised in the case of dumping, in cases where price fluctuations make it difficult to establish the dutiable value, and to prevent harm to a domestic industry. Minimum values have been established for more than 200 products. Currently, it appears that Brazil is not using this particular control mechanism too much, e.g. some items have been removed from the list, values for other items have been reduced and very few items have been added.

**Pharmaceutical Regulation.** Law No. 6360 (September 23, 1976) makes drugs and cosmetics subject to Health Ministry approval before they can be sold or manufactured in Brazil. The law covers medications, cosmetics, dietetic products, domestic cleaners, disinfectants, detergents, insecticides, nutritional additives, perfumes, colorants, etc. The law bans aerosols in baby products and requires Health Ministry approval for import of any foreign medications that can be sold over the counter (i.e. without a doctor's prescription). Such substances must, in addition, now carry instructions and descriptions in Portuguese on the label.

Under law No. 6360, an extensive analysis must be made in Brazil of all new drugs before they can obtain a license to be sold. Once obtained, the license will, generally speaking, be valid for five years (dietetic products can only be licensed for two years, however). Advertising of the items is being made more stringent.

**Standards, Inspection or Special Permission for Specific Commodities.** Imports of used material: 1) In accordance with the terms of Resolution No. 64 (9/70), CACEX (the Foreign Trade Department), will accept for consideration applications covering the importation of used machinery,
equipment, appliances and/or instruments, once the following requirements are met in toto: 1a) that they be intended for the importer's own use and participate directly in the productive process; 1b) that they are not produced in Brazil, or may not be substituted by other machinery or equipment of Brazilian manufacture, capable of meeting satisfactorily, the purposes for which the material to be imported is intended; 1c) that they are not intended for quality control; 1d) that they have less than 5 years of use, in cases of precision equipment intended for series production or for tools, of production equipment subject to alternative or continuous motion, and equipment whose normal operation is performed under unfavorable conditions which accelerate its physical deterioration by corrosion, shocks or vibrations.

2) In all such cases, CACEX will require the presentation of an inspection and evaluation report signed by a specialized and qualified international organization, accepted by a Brazilian consular authority which will mention: 2a) the year of reconditioning, reconstruction or revision; 2b) that the operational conditions and tolerances required by technical regulations in force in the country of origin are identical to those of similar units, when new; 2c) the technological differences existing between a new unit of the same type and those inspected; 2d) the useful life expectancy of the used machinery and of the similar one when new; 2e) market values, of reproduction and of the similar technological updated unit.

3) In imports of reconditioned parts and accessories for planes, originating from the U.S., the document indicated above will be substituted by an Inspection Certificate issued by a company authorized by the Federal Aviation Administration of the United States of America. In the specific case of importation of reconditioned spare parts and accessories for airplanes, irrespective of origin, the cumulative requirements indicated under (1) above are not applicable.

4) In each case, interested parties must previously write a letter to CACEX attached to all the necessary documents to meet the requirements of items (1) and (2) of this paragraph and further listing the following information: 4a) corporate capital; 4b) association with companies abroad; 4c) demonstration of the technical convenience and economic advantage of the utilization of the used material, as compared to that of the analogous new material, taking into consideration, necessarily, in this comparison, the useful life expectancy of the material, operational costs, maintenance and repair costs, index of rejects and of optimum use.

5) Under certain conditions, these regulations also obtain with respect to shipments in the Free Zone of Manaus.

Importation of all potentially perilous machinery is prohibited, unless equipped with protective devices to the standards required by the International Labor Office (Brazil Decree No. 62465, 3/20/68). Machinery and equipment covered by this decree (that is, machinery and equipment which, due to the inherent danger in its operation, must
have special protective devices thereon for the safety of the workers) cannot be imported or cleared from Customs and allowed free transit throughout Brazil, unless the goods fulfill the following ILO safety and protective requirements: 1) The machines movable parts and accessories, including pulleys, chains and drive shafts, must be furnished with safety devices; and 2) to avoid accidents, machines should have "on and off" switches, which can be handled by the operators.

The machinery or equipment must be inspected by an independent testing company (by "independent" is meant a testing company that has no connection with the manufacturer of the equipment), which must certify that the machinery or equipment complies with ILO safety standards. The Consulate General of Brazil, New York, has no prescribed list of testing companies. The exporter should contact a Brazilian Consulate official and discuss with him the acceptability of any individual testing company. However, testing companies which are acceptable include: Superintendence Company, Inc., New York City; American Appraisal Company, Inc., New York City; Bureau Veritas, New York City; and Robert W. Hunt and Company, New York City. The exporter is to present the inspection certificate to the Consular official, together with all other documents. The following declaration is to appear on all invoices: "This machinery and these appliances comply with the standards required by the International Labour Organization with respect to safety and guarding thereof." According to the Decree, if there is no consular declaration on the invoice, the machinery or equipment, on its arrival in Customs, will not be released until Brazilian authorities inspect it, and find that it meets the ILO safety standards. There is no indication in the Decree, but, most likely, this will be done at the importer's expense. Article 4 of this Decree states that this Decree does not apply to imported accessories or spare parts which are for the additions to or maintenance of or upkeep of machines or equipment in use or installed.

Import licenses (guias) for electronic equipment and ancillary equipment listed under the following tariff headings will be issued only after prior approval by the Comissão de Co-ordenacao das Atividades de Processamento Electronico (Coordinating Commission for Electronic Processing Activities--CAPRE), under CONCEX Resolution 107: automatic data processing machines and code readers and processors (84.53.00.00); certain parts and accessories (84.55.11.00); electrical circuit apparatus, resistors, printed circuits, switchboards, and control panels (85.21.14.01); and photographic cameras and flashlight apparatus (90.07.01.07).

Import licenses (guias) for steel and nonferrous metal products within the following tariff headings will only be issued after approval from the Conselho de Nao-Ferrosos e de Siderurgia (Council for Nonferrous and Ferrous Metals--CONSIDER), under CONCEX Resolution 108: ferro-alloys (73.02.00.00); shot, angular grit, wire pellets (73.04.00.00); puddled bars, pilings, ingots, and similar forms, slabs, similar items, pieces roughly shaped by forging, iron or steel coils for rerolling, universal plates, bars, rods, hollow mining drill steel,
angles, etc., sheet piling, hoop, strip, sheets, plates, uninsulated iron or steel wire, certain alloy and high carbon steel, railway track construction material, certain tubes, pipes and fittings, conduits and structures (73.06.00.00-73.21.00.00); containers for compressed or liquified gas (73.24.00.00); certain fencing wires (73.26.00.00); and springs and leafs for springs of iron and steel (73.35.00.00). For copper and articles thereof (74.01.00.00-74.05.00.00). For nickel and articles thereof (75.01.00.00-75.03.00.00). Also for aluminum and articles thereof (76.01.00.00-76.04.00.00).

Import Regulation. The Similarity Regime states that those imports which have no domestic similar can benefit from special incentives (tax exemptions or reductions). Imports which qualify for these benefits re those which are not produced internally or, for reasons of quality, price and term delivery cannot be considered similar to their foreign correspondent (Decree No. 61.574 of October 20, 1967).

INMETRO has established that imports of technology must correspond to levels which cannot be attained in Brazil. The technology must also create quality conditions for the product resulting from its application, principally with export in mind (Normative Act No. 15, The Ministry of Commerce and Industry--National Institute of Industrial Property).

Export Regulation. Cocoa beans for export are grade-labeled by CEPLAC (Resolution No. 42 under "Normas Classificacao de Cacau Exportavel").

Standards. Standardization, metrology and quality control are the responsibility of the National Institute of Metrology (INMETRO). This agency is developing a program of technological assistance for Brazilian exporters. Through this program INMETRO will undertake internationally accepted procedures related to the accreditation of laboratories and inspection agents, and implement an inspection/certification scheme for internationally traded products (correspondence from the President of INMETRO, September 27, 1985).
BURMA

General Trade Regulations. Under Burma's economic system, the Government controls nearly all facets of economic and commercial activity. Foreign trade, banking, insurance, utilities, most large industry, including extractive industries, and many small enterprises are government monopolies. The few remaining private entrepreneurs are subject to strict government controls, and their direct participation in the nation's trade is negligible. All significant foreign commerce is conducted by government agencies of government corporations.

The Myanma Export Import Corporation (MEIC) operates as the Burmese Government's official foreign trade monopoly. It is responsible for most of Burma's exports and imports. However, in recent years, most government agencies and corporations have been granted the authority to buy equipment and material abroad and/or to export their products directly. Even in cases where MEIC remains the agent for a government organization, foreign firms often find it more convenient to deal directly with the responsible department or corporation. Nevertheless, MEIC can be very helpful as a point of first contact for foreign firms which have not previously done business with Burma.

Import Regulations. Only new industrial machinery is permitted into the country.

Only pharmaceuticals and medical devices that meet specified safety standards may be imported (correspondence from the Economic Officer of the U.S. Embassy in Burma, July 8, 1985).
BRUNEI

Imports of used automobiles are subject to licensing requirements.

Health regulations have been established for the importation of food items (correspondence from the Director of the Economic Planning Unit, July 8, 1985).
CAMBODIA

Import Regulation. Several commodities to be imported must comply with certain standards concerning consumption and/or utilization. Imports of these goods must be accompanied by supplementary certificates which guarantee compliance with the established standards (GATT document COM.IND/W/55-Government Replies to the Questionnaire on Licensing, July 30, 1971).
CAMEROON

General Trade Regulations. The Cameroon exchange mechanism is closely tied to that of France. Exchange control does not apply to: 1) France and Monoco or 2) All other countries whose bank of issue is linked with the French Treasury by an Operations Account (Benin, the Central African Republic, Chad, the Comoros, the Congo, Gabon, Ivory Coast, Mali, Niger, Senegal, Togo, and Upper Volta). Exchange control is administered by the Directorate of Economic Controls. There are no known product requirements or standards, however, French, U.S., U.K. or other product requirements or standards may be requested.

Pharmaceutical Regulation. Pharmaceutical products must be authorized by the Ministry of Health and Welfare.

Standards, Inspection or Special Permission for Specific Commodities. Imports of used clothing and vehicles with an axle load of over 10 tons are prohibited.

All imports of textiles require the prior authorization of the Ministry of Economy and Plan. Each application must be supported by the attestation from local textile firms that they are not able to deliver the quantity and quality of materials within a reasonable time (Circular 31/MINEP/DC/SCEC/of early 1976).

Export Regulation. Exports of wood are subject to the delivery of a specification certificate by the Department of Forestry, and are subject to antipest regulations (General Trade Schedule for 1984).

CENTRAL AFRICAN REPUBLIC

General Trade Regulations. The exchange control mechanism of the Central African Republic is closely tied to that of France. Exchange control does not apply to 1) France and Monaco or 2) All countries whose issue is linked with the French Treasury by an Operations Account. Exchange control is administered by the Minister of Finance. Import and export licenses are issued by the Directorate of Foreign Trade in the Ministry of Commerce and Industry.

Pharmaceutical Regulation. Pharmaceutical products must be authorized by the Ministry of Health.
CHAD

General Trade Regulations. The exchange control mechanism of Chad is closely tied to that of France. Exchange control does not apply to 1) France and Monaco or 2) All countries whose bank of issue is linked with the French Treasury by an Operations Account. Exchange control is administered by the Minister of Economy and Commerce.

Pharmaceutical Regulation. Pharmaceutical products must be authorized by the Ministry of Health.
CHILE

General Trade Regulations. The Executive Committee of the Central Bank of Chile is responsible for carrying out currency exchange policy. The supervision of copper exports and all imports of the copper industry is delegated to the Chilean Copper Commission. Import licenses are required for all imports. There is a government monopoly on some food items: Empresa de Comercio Agricola (ECA). Chile is a signatory of the GATT standards code.

Differential Tariffs based on Quality. Imports of used goods: The Ministry of Finance (under Decree No. 158, as amended) replaced (during 1977), the single 120% rate of duty on permitted imports of used merchandise by the rate applying to the same item when new plus a surcharge of 100% on that rate. Imports of certain used capital goods (loosely defined as any machinery or equipment used in producing other goods) are exempt from this 100% surcharge, provided this is specially authorized by the Chilean Central Bank on the import registration form.

The Chilean Copper Commission may authorize exemption from the surcharge for used capital goods for its own use. Under this decree, in addition, second-hand goods may be imported by individuals (for their own use) if the value of the consignment does not exceed U.S. $100.00 c.i.f., or if brought into Chile by travellers from a free zone, U.S. $1,000.00 f.o.b. Also gifts up to a value of U.S. $50.00 f.o.b. and matrices, molds or similar goods are also exempt from the 100% surcharge.

Pharmaceutical Regulation. Prior registration with the National Health Service is required. Special labelling and other requirements may also apply. Among the data needed when applying for registration are: 1) Chilean Consular certificates stating that the product is officially accepted for distribution and sale in the country of origin; 2) a declaration of the formula and the manner/method of proving it; 3) full details regarding the therapeutic qualities claimed for the product, dosage, etc.; 4) sufficient samples in order that analysis may be made.

Standards, Inspection or Special Permission for Specific Commodities. Certain used cars, four-wheel drive vehicles and small trucks are not currently permitted import. Exceptions to the used vehicle and small truck restrictions include: trucks over 5 metric tons, tractor trucks for trailers, vehicles for transporting more than 15 persons, vehicles for special uses, vehicles brought into free zones, those allowed partial or total duty exemption and those owned by Chilean nationals who have been out of Chile for a year and are returning.

According to a resolution published in the "Official Gazette of Chile", all local importers of electric and/or gas apparatus (both domestic and industrial types) are now required to have available catalogues, service manuals, technical information, etc., translated into Spanish by the manufacturers and for the use of end customers (effective 2/1/78).
There are detailed regulations involving quality standards for food imports. Imports of foodstuffs require prior authorization of the National Health Service. To obtain this authorization, importers must present a certificate of analysis made by an official laboratory in the country of origin.

Standards. The National Standards Institution (INN) regards ISO standards as a reference basis in the study of Chilean standards. INN standards apply to a large number of subjects (correspondence from the INN dated September 9, 1985). INN: Instituto Nacional de Normalizacion.

Import Regulation. Imports of plants or plant parts and any commodities dangerous to plants must be accompanied by a phytosanitary certificate (Chilean Law No. 9006 of September 8, 1948).

Standards. The list of imports prohibited in Chile was revoked under Decree No. 330 of the Ministry of Economic Affairs in the Official Gazette of August 18, 1981. The Chilean import system now allows the admission of all goods except used motor vehicles (GATT document L15228, November 5, 1981 and Decree No. 330 of 1981).

The Instituto Nacional de Normalizacion (INN) formulates Chilean product standards. A large number of subjects are covered by their standards (correspondence from the INN dated September 9, 1985).
CHINA

General Trade Regulations. Most foreign trade is conducted by foreign trade corporations. The national government and industrial ministries meet with foreign business representatives to decide what technology, equipment and machinery, and services they need.

The China Association for Standardization (CAS) is responsible for organizing and conducting research and other activities for standardization throughout the People's Republic. With the active participation of members of CAS, over 2,000 national standards relating to industrial and agricultural products and construction projects, more than 10,000 national standards relating to drugs and about 10,000 ministerial standards have been established, to date, in China. No specific information by product or by standard is available. Such regards, will, in general, be spelled out in the import contract.

Commodity Inspection: The state has invested the Commodity Inspection Bureau with the functions and powers to carry out inspection of import commodities. The bureau maintains strict supervision and control over, and organizes a thorough inspection of all import commodities. No import commodity can be marketed or put into consumption before being inspected.

Upon arrival of a vessel loaded with import goods, the bureau dispatches its inspectors to board and check the stowage condition of the cargo to discover possible damages. If there are any defects in packing, the inspectors will give a detailed description to clarify the responsibility. In accordance with tally documents on damage and shortage as confirmed by the ship's signed certificate, the inspectors will verify the damages and ascertain the shortages at the dock or at the dock warehouses. An inspection certificate will be issued accordingly. Currently, there are 15 kinds of import commodities subject to inspection by the Commodity Inspection Bureau.
COLOMBIA

General Trade Regulations. Import and export policy is determined by the Foreign Trade Council. All imports and exports require prior registration with the Colombian Institute of Foreign Trade (INCOMEX). Exchange must be purchased through the Banco de la Republica.

In accordance with the terms of Colombian Decree No. 2,416, various technical standards were promulgated, or will be under the auspices of this decree, for products manufactured in Colombia and marketed locally. In charge of selection of such standards will be the "Colombian Institute of Technical Norms" (Icontec). The weight of compliance with regard to present norms, future norms, or amended norms will be based on whether the consumer's health or safety could be affected, or whether the country's economy or public interest may be involved.

The Colombian Institute of Foreign Trade does not require specific technical standards for any product for which an import license or import registration form is being submitted. The exceptions are those specifications previously established by Icontec that apply only to imports made by Colombian government entities by means of international bids. The address for Icontec: Carrera 37 No. 52-95, Bogota.

Differential Tariffs based on Quality. Dutiable values of used machinery or equipment is the value such machinery or equipment possessed when new during the year of fabrication, less depreciation as established by the Director General of Customs and approved by the National Council on Customs Policy.

General Customs Law No. 292 (5/7/71) requires that various goods on importation undergo a chemical analysis by the Quality Control Laboratories of the General Customs Directorate, in order to assess the proper classification of the goods in the tariff and, therefore, the correct rate of import duty. The result of this analysis must appear on the import declaration which the importer sends to customs in order to effect the clearance of the goods. Among such goods are antibiotics, rubber, plastics, fungicides, herbicides and the like, enzymes, medicaments, surface-active agents and the like, vitamins, metals, alloys, metallurgical products in general, chemical products and products with no defined use, inorganic chemicals, petrol and its derivatives, food, fats, waxes essential oils, and various other products such as paper, colors, etc., and pure organic chemicals. There are fees for such tests, with the fee dependent on which category the item falls under.

Pharmaceutical Regulation. A special sales license from the Pharmaceutical Specialities Commission is required for importing pharmaceutical products. Official preparations registered in the Codex or the Pharmacopeia are not considered specialities and usually require no license or permit.

Standards, Inspection or Special Permission for Specific Commodities. Imported acetic acid must be denatured. The container must state that the contents are not fit for human consumption.
All importers and local manufacturers of pesticides, insecticides and similar products must register them with the Plant Health Section of the Ministry of Agriculture.

Standards. All products imported into Colombia for which there are official mandatory technical standards must meet all quality requirements before they are marketed in the country. Importers of the articles must register with the Superintendency of Industry and Commerce. The National Standards and Quality Council is the agency responsible for issuing conformity certificates applicable to both import and export products (Resolution 1385 of December 7, 1976 from the Superintendency of Industry and Commerce).

Law 9 establishes the procedures for quality control of foodstuffs, beverages, household items, drugs, pharmaceuticals, insecticides and other potentially dangerous products (Law 9 of 1974, The Ministry of Health).
THE CONGO

*General Trade Regulations.* The exchange control mechanism of the Congo is closely tied to that of France. Exchange control does not apply to 1) France and Monaco or 2) All countries whose bank of issue is linked with the French Treasury by an Operations Account. Exchange control is administered by the Minister of Finance. Imports of all permitted goods from all sources requires prior authorization.

The National Trading Office (OFNACOM) has a monopoly over certain imports: Hardware, rice, canned tomatoes, salt and salted fish, certain piece goods from Japan and certain other textiles from the People's Republic of China.

*Pharmaceutical Regulation.* Imports of pharmaceutical products require prior authorization from the Ministry of Health.
COSTA RICA

General Trade Regulations. Exchange control is operated by the Central Bank. There is no import licensing. Under the 1975 "Consumer Protection Law", the government has wide powers to control prices and profit margins.

Pharmaceutical Regulation. The Ministry of Health in Costa Rica requires that all imported or locally manufactured medications, pharmaceuticals, and cosmetics be registered with the Ministry of Health, Department of Drug and Narcotics Control, every five years. All manufacturers and importers must present a request for inscription accompanied by a sample of the product. This sample will be evaluated for quality control purposes; this includes not only the contents of the product but also its presentation, labelling and other items. Decree No. 6365 (9/23/76) sets forth the regulations for registration. Medications and cosmetics will not be allowed importation without prior registration form the Ministry. This requirement may be waived in an emergency at the discretion of the Ministry. The registration application must be submitted on officially stamped paper. Accompanying documents must be in Spanish, authenticated by a Costa Rican consul. All labels must be in Spanish and may be in one other language.

Information required for registration includes: 1) a certificate issued by the health authorities in the country of origin and legalized by a consulate, stating that the preparation enjoys unrestricted sale in that country; 2) information on dosage, pharmacological properties, and qualitative and quantitative formulas must be furnished; 3) proof of the registration of the trademark; 4) two labelled samples identical to those sold to the public; 5) application is generally made through a representative in the country with the manufacturer's power of attorney.

When a product is marketed in different forms (capsules, tablets, syrups) or in different quantities, each variation must be registered. Registration is renewable after a stipulated period of time, usually five years.

Standards, Inspection or Special Permission for Specific Commodities. Insecticides must be registered with the Ministry of Agriculture and Industries if they are for agricultural use. The application must be accompanied by instructions for use, samples, and a certificate from the Office of Trademarks of Costa Rica, which attests that the trademark of the product is legally registered in the country of origin, and by a certificate of free sale issued by a sanitary authority of the city and country of origin.

Before they may be sold in Costa Rica, chemical and mineral fertilizers, pesticides and agricultural hormones must be registered with, and approved by, the Directorate General for Agriculture and Industries. The application must be accompanied by a sample of the product. A separate application is required for each product.
Importation of used bags and all other types of used containers, as well as agricultural products packed in used bags or other used containers, is prohibited.

Importation of cars with an engine capacity of more than 1250 cc is prohibited, as is importation of spare parts for local assembly of cars with a capacity of more than 1250 cc. The ban does not apply to ambulances.
CUBA

General Trade Regulations. Foreign exchange is controlled exclusively by the National Bank of Cuba. Licenses are not needed for imports. All foreign trade is conducted by foreign trade companies.

Certificates of quality are required for all shipments to the foreign trade companies. Certificates must be legalized by the Cuban Consular Office in the country of origin.

Standards, Inspection or Special Permission for Specific Commodities. Shipments of textiles must be accompanied by a quality certificate giving the following specifications: title of the yarn, the number of threads in square inches, dye used, whether dyed before or after manufacture, the type of fabric.
General Trade Regulations. Exchange control is administered by the Central Bank of Cyprus. Some goods must be licensed.

Standards, Inspection or Special Permission for Specific Commodities. There are special regulations governing motor vehicles, including emissions therefrom.

Special requirements govern alcoholic beverages, including certification of age in some instances.

Import Regulation. Tariffs levied on new omnibuses are fifty to one hundred percent lower than tariffs levied on other public service type vehicles depending on the exporting country (Chapter 87 of the Republic of Cyprus Customs and Excise Tariff Schedule).

Duty drawbacks are awarded on imports of new passenger motor vehicles (Republic of Cyprus Customs and Excise Tariff Schedule).

Imports of used and retreaded tires are subject to licensing requirements established by the Minister of Commerce and Industry (Imports (Regulation) Law of 1967).

Imports of seed potatoes, lettuce seed, dried beans, shelled groundnuts, packing material, hay, and other fodders are prohibited unless accompanied by an International Phytosanitary Certificate (Chapter 87 of the Republic of Cyprus Customs and Excise Tariff Schedule).

Export Regulation. Exports of potatoes and carrots are subject to quality control by the respective marketing boards.

Exports of wheat, barley, maize and grains are subject to quality control by the Cyprus Grain Commission (IMF Annual Report on Exchange Arrangements 1984).
DOMINICAN REPUBLIC

General Trade Regulations. Foreign exchange is administered by the Central Bank. Import licenses are not generally required.

Differential Tariffs based on Quality. Minimum values, for duty purposes, are established for some items, including some fabrics.

Pharmaceutical Regulation. All pharmaceutical and cosmetic products, as well as foodstuffs, being imported into the Dominican Republic must be registered with the government before they may be imported. Pharmaceutical products must be registered with the Secretariat of State for Health and Social Welfare. The product should be accompanied by a certificate of free sale from the country of origin.

Standards, Inspection or Special Permission for Specific Commodities. All veterinary products require a prior permit from the Secretariate of State for Agriculture. They must be accompanied by a certificate of free sale legalized by the Dominican consular officials in the country of export.

All shipments of galvanized tubing must be accompanied by test certificates issued by recognized international testing shops acceptable to the Dominican Secretariat of State for Public Works and Communications.
ECUADOR

General Trade Regulations. The official exchange market is under the control and supervision of the Central Bank.

In those cases where such action is considered necessary, the Ecuadorian Institute of Standards shall establish those technical rules which should compulsorily govern certain foreign commodities. If such commodities do not conform to such rules, their importation will not be approved. The Ecuadorian Institute of Standards may establish technical standards affecting imports as well as domestically produced goods.

Differential Tariffs based on Quality. The Ministry of Finance is authorized to establish lists of "minimum prices" which will be used to determine the value for customs purposes, if the value contained in the commercial or consular invoice is lower. Used goods are subject to duty at the same rate as new goods. However, the Ministry of Finance is empowered to allow up to a 50% depreciation for the purpose of determining dutiable value. In the case of used vehicles, the following depreciation schedule is in effect: for used vehicles 2 years old, there is a depreciation allowance of 20% of the value of the vehicle; for 3 years old, the allowance is 35%; and for 4 years old or more, the allowance is 50%.

Pharmaceutical Regulation. Special Ecuadorian regulations govern the licensing and registration of prepared medicines and pharmaceutical products. In addition, pharmaceutical products may be subject to price control. Various laws, over the years, have been issued by the Government to control the import, sale and distribution of products of this nature. The latest law, Decree No. 1369, governing the hygienic standards of such products, was printed in the "Registro Oficial" of 10/27/66. Products must be registered with the Direccion General de Sanidad and analyzed by the Instituto Nacional de Higiene, for which a fee is charged. A certificate of analysis is required. The certificate of analysis, prepared by the manufacturer, must show the analysis breakdown. A statement to the effect that the product is clean is not acceptable. Certification by a recognized chamber of commerce is required.

Standards, Inspection or Special Permission for Specific Commodities. Applications of import licenses covering textiles, paper, cartons and other articles which require proof of quality, must be accompanied by a sample of the article.

Importation of vehicles with 8-cylinder gasoline engines is prohibited. Exception is given for 4-wheel-drive jeep-type vehicles. Prior approval is needed for some types of heavy vehicles.

The import and sale of fertilizers is governed by Decree No. 859 (1/27/70). In this law, rules are given for registration, required limits of tolerance, and methods of certification of analysis, etc. It requires certification by the appropriate government entity in the country of origin.

Import Regulation. Imports of all beverages, fertilizers, flour, lard, plants and seeds and canned foods are not permitted without a legalized Certificate of Purity (OBR June 1985).
A Certificate of analysis must accompany imports of pharmaceuticals and food (OBR June 1985).

Imports of spun rayon textiles or spun rayon and pure rayon mixed textiles must be covered by a Certificate of Inspection (OBR June 1985).

Export Regulation. Preshipment inspection of exports with respect to quality, quantity and price comparison is carried out by the Societe Generale de Surveillance as authorized by the Central Bank of Ecuador (OBR June 1985, p. 60).

Labeling Requirements. All processed goods must bear labels that inform Ecuador's consumers of their quality and composition. Penalties imposed for noncompliance (OBR June 1985 p.9).

Investment Incentives. Income tax deductions allowed for the acquisition of new machinery and equipment.

Producers are allowed full or partial exoneration from import duties on new machinery (OBR June 1985 under "Investment Incentives").
EGYPT

General Trade Regulations. Exchange control is supervised by a Committee for Foreign Exchange. Controlled imports are governed by exchange allocations rather than import licenses.

The Egyptian government, through its state trading organizations, is the purchaser of most imports, although only about 18 commodities are reserved to the public sector. There has been movement towards reducing the scope of the public sector monopolies. Prior to 1974, import/export operations were the sole province of state owned trading companies, but today all but 18 "essential commodities" may be handled by private traders. The government maintains a monopoly in: wheat, flour, maize, horsebean, sesame, loose tea, sugar, oils, fats, tobacco, cotton, industrialized jute, coal, petroleum and its by-products, fertilizers, insecticides and war materials.

Where standards and specifications for products exist under Egyptian regulations, these are usually those which must be used. If, for a particular item, no such standard or specification has been issued, internationally recognized standards or specifications (e.g. U.S. or British) may be permitted, subject to the approval of the Egyptian Organization for Standardization of Measurements and Perfection of Production. Egypt is a signatory to the GATT standards code.

Pharmaceutical Regulation. Special regulations govern the importation of pharmaceutical and veterinary products. Among the requirements is registration, with chemical composition, at the Ministry of Health. Pharmaceutical products also require a certificate to the effect that they are registered and permitted in the country of origin.

The pharmaceutical industry in Egypt is closely regulated by the Higher Council for Pharmaceuticals, Chemicals and Medical Equipment, which is comprised of officials from the Ministry of Health, the chairmen of the boards of the public sector pharmaceutical firms, and professors from Egyptian medical schools. The Higher Council plans and regulates almost all aspects of the industry, including determining which products will be produced or imported, how the drugs will be distributed and what prices are appropriate.

The registration and testing of drugs usually requires 3 to 9 months, but some types of drugs (e.g. tranquilizers) will require longer testing. The registration is generally valid for 10 years, but it may be revoked earlier if the drug appears to have detrimental side effects.

Egypt's Ministry of Health publishes an "Index of Specialties" in English as well as in Arabic, which lists all the drugs imported or manufactured in Egypt and provides the names of the manufacturers. Drugs which are locally produced will probably not be permitted to be imported.
Standards, Inspection or Special Permission for Specific Commodities. Special regulations govern the transshipment of cotton and cottonseed at Egyptian ports.

There are special regulations regarding the quality and content of alcoholic beverages.

Insecticides require an import permit.
EL SALVADOR

General Trade Regulations. Exchange control is exercised by the Central Reserve Bank. From 11/12/82, the government outlawed free market trade in U.S. dollars. Import licenses are required for only a few goods.

Pharmaceutical Regulation. Schedule 1 of the trade agreement between the U.S and El Salvador, which became effective 5/31/37, provides that pharmaceutical specialties or patent medicines produced in the U.S. shall be accompanied by a sanitary certificate, issued by a chamber of commerce or some similar agency, or by a Board of Health, or some similar organization, of the state or city in the U.S. in which the manufacturer maintains his commercial domicile. The Salvadoran authorities have determined that this certificate need not accompany each shipment of the products in question, that it need merely be presented to the Salvadoran authorities at the time of applying for registration of the pharmaceutical specialties or patent medicines, and that once registered, shipments of the products will not be required to be accompanied by sanitary certificates.

Standards, Inspection or Special Permission for Specific Commodities. Certificates of analysis are required for certain products, including: pure lard, wheat flour, rye flour, codliver oil, and fertilizers. As a substitute for the certificate in any of these cases, a sample of the shipment may be analyzed by the customs laboratory, or other approved laboratory in El Salvador, at the importer’s expense.

In accordance with Decree No. 315 (5/10/73), the Government of El Salvador now regulates the production, marketing, distribution, importation, exportation and use of pesticides, fertilizers, weed-killers, additives, and “improvers”, defoliants, and various other chemical and biochemical products for agricultural, livestock or veterinary use.
ETHIOPIA

General Trade Regulations. Foreign exchange is controlled by the National Bank of Ethiopia. No import licenses are required, but payments abroad require exchange licenses. Since 1974, there has been a transformation from predominantly private enterprise to a socialist system. Economic activities are separated between private and public sectors.

In 1972, the Ethiopian government issued Proclamation No. 300, this governing the operation of the Ethiopian Standards Institution. In 1973, two Legal Notices, Nos. 433 and 434, were issued, one containing the Ethiopian Standards Regulations and the other Standards Mark and Fees Regulations. It should be noted that the use of the Ethiopian standards "mark" will, in general, be compulsory with regard to any product, material, or commodity for which the Institution has issued compulsory standards. Therefore, any such material, product or commodity which does not bear the "mark" when it is mandatory, will not be allowed importation. Pursuant to the Ethiopian Standards Regulation No. 433, 108 standards concerning different materials, products and commodities have been published. Copies are available from the Ethiopian Standards Institution.

Pharmaceutical Regulation. There are special regulations on the importation and sale of pharmaceuticals, medical products and foodstuffs. Free samples of pharmaceutical and medical products must bear the words "Not for Sale", in English and Amharic. Ethiopia has tight inspection controls on drugs and pharmaceutical products. A prerequisite for import licensing is certification of approval for domestic sale by the government of the country of origin. U.S exporters can send advance evidence of their products acceptance by the U.S.F.D.A. to the Ethiopian Government Central Laboratory and Research Institute. Drugs and pharmaceuticals must, in addition, conform to the International, U.S., or British Pharmacopoeias.
General Trade Regulations. Foreign exchange is controlled by the Central Monetary Authority. Import licensing is required.

Standards, Inspection or Special Permission for Specific Commodities. Whiskey, rum and brandy must be matured by storage in wood for 3 years (whiskey, brandy) or 2 years (rum).

Imports of mechanical cane harvesters require licenses from the Director of Agriculture.

Electrical equipment must meet the standards of the Standards Association of Australia. Wiring rules apply to all electrical appliances.

In order to import pesticides into Fiji, they must, under the terms of the "Pesticide Regulation of 1971", be registered in that nation and be labelled in a specific manner (among other regulations which govern their entry).
GABON

General Trade Regulations. The foreign exchange control mechanism of Gabon is closely linked to that of France. Exchange control does not apply to 1) France and Monaco or 2) All countries whose bank of issue is linked to the French Treasury through an Operations Account. All imports must be granted an authority to import from the Ministry of Economy and Finance.
General Trade Regulations. Foreign exchange is administered by the Central Bank. Foreign exchange policy is controlled by the Ministry of Trade and Finance. Licenses are required for importation.

Pharmaceutical Regulation. Registration of all pharmaceuticals is required by the Ministry of Finance, Banjul. In addition, dangerous drugs must be certified by the Ministry of Health, in the form of a "Dangerous Drug Certificate."

Standards, Inspection or Special Permission for Specific Commodities. Importation of right-hand drive vehicles is prohibited.
GHANA

General Trade Regulations. Foreign exchange is controlled by the Bank of Ghana. Licensing is required for imports.

Preshipment Inspection. The Bank of Ghana, on 5/9/72, issued a "Notice to Importers and Banks" that all commodities imported into Ghana are subject to preshipment inspection for quality and quantity as well as price comparison by the General Superintendence Company Ltd. in the country of origin, with certain minor exceptions. Goods must be inspected prior to shipment. When requesting inspection, the supplier shall provide the following details: 1) quantity of the goods; 2) full description of the goods (including quality specifications); 3) country of shipment; 4) country of origin; 5) packing; and 6) price (f.o.b. and c.i.f.) as well as a copy of the pro forma invoice, letter of credit, contract and any other document relevant to the order and which the inspectors may deem necessary to their inspection.

The Inspection Agency will issue a report of findings which will be either a "Clean Report of Findings" or a "Non-Negotiable Report of Findings". Clearance shall not be permitted at any port in Ghana if the clearance documents do not include a "Clean Report of Findings" issued by the General Superintendence Company Ltd.

The Ghana Standards Board. In May 1973, the government of Ghana issued a new Decree to govern standards in that nation. Among the items covered by this new Decree is the establishment of a Ghana Standards Board and its aims, functions and powers. The Board has the right to recommend to the Ministry responsible for Industries to prohibit the sale or manufacture of goods in the national interest as well as in the interest of public health and safety; to recommend to the Ministry responsible for Trade to prohibit the importation into Ghana for the purpose of sale, use or human consumption any goods, unless the goods have been certified by the Board as complying with standards set up by the Board; and to provide for the registration and regulation of standards marks.

The Board may from time to time make, alter or rescind rules which are not inconsistent with the Decree, including all or any of the following purposes among others: 1) prescribing the manner in which specifications may be declared to be standard specifications; 2) regulating the promulgation of standard specifications; 3) providing for the amendment or revocation of any standard specification and regulating the procedure thereto; 4) governing: a) the treatment, processing and manufacture of goods; b) the packaging, labeling, advertising and selling of goods; c) the size, dimensions and other specifications of packages of goods; 5) prescribing standards of purity, composition or other properties of goods; and 6) regulating the issue of licenses for using standard marks.

The Environmental Protection Council. An Environmental Protection Council was established in 1974. The functions of the Council are: 1) to advise the Government generally on all environmental matters relating
to the social and economic life in Ghana; 2) to coordinate the activities of all bodies concerned with environmental matters, and to serve as a channel of communication between the bodies and the Government; 3) to conduct and promote investigations, studies, surveys, research and analyses, including the training of personnel, relating to the improvement of Ghana's environment and the maintenance of sound ecological systems; 4) to serve as the official national body for cooperating and liaising with national and international organizations on environmental matters; 5) to undertake such studies and submit such reports and recommendations with respect to the environmental matters as the Government may request; 6) to embark upon general environmental educational programs for the purpose of creating an enlightened public opinion regarding the environment and an awareness of the public's individual and collective role in its protection and improvement; 7) without prejudice to the economic and social advancement of Ghana, to ensure the observance of proper safeguards in the planning and execution of all development projects, including those already in existence, that are likely to interfere with the quality of the environment; and 8) to perform other such functions as the Government may assign to the Council, or as are incidental or conducive to the exercise by the Council of all or any of the foregoing functions.

**Differential Tariffs Based on Quality.** Minimum values, for duty purposes, may be established for second-hand vehicles.

**Standards, Inspection or Special Permission for Specific Commodities.** The Government has instituted a policy of standardizing the imports of vehicles, particularly cars and trucks, in order to limit the variety of different makes and models and thereby conserve foreign exchange in the purchase of spare parts.

**Standards.** Cocoa beans intended for export are graded and labeled by Ghana's statutory marketing board, the Cocoa Marketing (Ghana) Company, Ltd. Quality control and grading is carried out by the Produce Inspection Division at more than 1500 inspection stations. Three categories have been established for the beans: Grade I, Grade II, and sub-standard cocoa which is not considered for export (Cocoa Products: Facts and Figures on the World's Major Markets; UNCTAD, November 1975).

The Ghana Standards (Certification Mark) rules of 1970 state that all exporters of goods manufactured in Ghana must hold a license to use the Ghana Standards Certification Mark. The license is valid for one year and is granted to producers of those goods which conform to the standards prescribed in a separate instrument under paragraph 5 of the Standard Decree of 1967. Note that the license to use the certification mark, and thus export, may be revoked or suspended at any time if the Board is satisfied that the quality of the product falls below the Ghana standards prescribed for that product (Ghana Certification Mark Rules of 1970).

Timber logs and lumber exports are graded and inspected for quality and quantity specifications prior to shipment. Mineral exports must also conform to specified grades.

Imports of used clothing, meat, plants and seeds are not permitted without a sanitary or health certification.
GREECE

General Trade Regulations. The Bank of Greece controls foreign exchange. Some import licensing is required.

Greece is an adherent to the "Standards Code" negotiated and accepted during the Tokyo Round of MTN negotiations under the GATT.

Environmental pollution in Greece is an issue of major concern in both the governmental and private sectors. Currently, the most significant measures to protect the environment have been the establishment of an Environmental Protection Service in the Ministry of Coordination with policy-making and coordinating responsibilities. The enactment of Law 743/77 on the protection of the sea environment; the establishment of 28 industrial zones which eventually will contribute to a balanced industrialization of the country resulting in a considerable decrease of environmental pollution in the Athens and Thessaloniki areas; and planning for sewerage systems in Thessaloniki and Volos. Greek environmental efforts are still in a rudimentary stage and are likely to increasingly conflict with ambitious government plans to hasten the industrialization of Greece concomitant to its membership in the EEC.

Pharmaceutical Regulation. In January 1970, the Greek Government enacted Legislative Decree No. 411, establishing the State Drug Control Laboratory (SDCL), which is to operate under public law as a legal entity under State supervision to be exercised by the Ministers of Social Services and Agriculture. This organization is authorized to: 1) Exercise control, in accordance with regulations currently in effect, through natural, chemical and biological methods, over the quality, toxicity and, in general over the suitability, as to intended use, of pharmaceutical products, cosmetics, dietary products or proprietary medicines and other products similar to these. Likewise, the SDCL will exercise control over serums, vaccines, surgical sutures, dressing supplies, man-made mineral waters, insecticides, pesticides and veterinary medicines. 2) It shall produce therapeutic serums, preventative and therapeutic vaccines and any other similar products intended for combatting infectious human disease. It shall carry out scientific and microbiological work, in general, which serves public health needs. 3) It shall exercise control over certificates of origin and composition, as well as over any other certificates which are required for importation into Greece. 4) It shall make recommendations to the appropriate ministers regarding the approval, refusal, renewal or revocation of circulation licenses for the products listed above. 5) It shall make recommendations, which are believed to be in the interest of public health and social welfare, to the appropriate ministers concerning the institution of necessary legislative, administrative, or other measures, relating to the preparation and, in general, marketing of the products listed above. 6) It shall determine by chemical and biological methods the residues of pesticides and of other toxic substances in foodstuffs, agricultural commodities and beverages. 7) In the case of purchases by the government, the SDCL shall certify, following an investigation, whether or not the product is in accord with
possible deviations from the specifications stipulated in the relevant bid invitation.

_Standards, Inspection or Special Permission for Specific Commodities._ Importers of _electrical household appliances_ (e.g. stoves, water heaters, etc.) are required to obtain special approval from the Ministry of Industry, based on the foreign suppliers technical specifications and the safe performance of the item of equipment involved, before such appliances may be freely imported and marketed. Generally speaking, such equipment should be accompanied by necessary documentation as a safety certificate, etc. Importers should be able to supply particulars in this regard.

Shipments of _used goods, such as clothing_, require disinfection certificates.

Imports of _plastic containers and lumber_ are subject to inspection.

Imports of _radiation machinery_ requires prior approval.

Imports of _used machinery_ requires prior approval from the Ministry of National Economy. A circular issued by the Ministry of Industry sets out the following conditions for the import of second-hand machinery, but does not apply to second-hand agricultural machinery:

1) The machinery must be for use by the applicant and not for sale.
2) The applicant's occupation must be such as to justify the use of the machinery.
3) The machinery must have been manufactured within the last five years.
4) Damage due to wear and tear must not exceed 20%.
5) The value of the second-hand machinery must be less than 40% of the current price.
6) The machinery may only be imported from a member state of the EEC.
7) Certain documents will have to be produced by the importer which must include a certificate from the foreign firm giving the year of manufacture, the extent of wear and tear and the value of similar new machinery. The documents must be countersigned by a chamber of commerce.
GRENADA

Investment Incentives. Duty free importation of plants, machinery and equipment, spare parts and raw materials is granted to most industries when the required items are not available at competitive prices and quality within the Caricom region (Grenada Investor's Guide 1985).
GUATEMALA

General Trade Regulations. Various stipulated goods require import licenses. Imports must be registered with the Foreign Exchange Department of the Bank of Guatemala.

Pharmaceutical Regulation. All pharmaceutical products, toilet articles, cosmetics and articles of hygiene must be registered in the country of importation and proof of the registration must be shown before the goods may be withdrawn from customs. To register these products, the following procedure must be followed: 1) Application must be submitted to the Ministry of Health. 2) Prior to application for registration of specific shipments, Guatemala requires that each pharmaceutical or chemical product have a seal of approval issued by the Guatemalan Ministry of Health. 3) Information on dosage, pharmacological properties, and qualitative and quantitative formulas must be furnished. 4) Proof must be given of the registration of trademark. 5) Registration must be renewed every six months. 6) Application is generally made through a representative in the country with the manufacturer's power of attorney.

Standards, Inspection or Special Permission for Specific Commodities. In order to import natural or synthetic rubber manufactures or semi-manufactures into Guatemala, it is necessary to obtain a license from the Ministry of Economy.

A certificate of analysis is necessary for the importation of fertilizers, flour and insecticides. It is to be issued by the manufacturer, signed by a chemist and notarized. The certificate should show the quality and purity of the product. If the shipment is not accompanied by the certificate, the analysis will be made in Guatemala at the importer's expense.

Import and General Labeling Requirements. A Certificate of Free Sale and Purity from the country of origin must accompany all food imports. An analysis of the products may be required by the food Control Department.

Labels on food products must include the qualitative formula of the food as well as the number of the health register for national products (national food products must be registered with the Food Control Department).


**GUYANA**

*General Trade Regulations.* Exchange control authority is vested in the Minister of Finance who has entrusted its administration to the Bank of Guyana. Import licensing generally is the responsibility of the Ministry of Trade and Consumer Protection, but import licenses require the approval of the Bank of Guyana.

The Guyanese Government controls some 80% of the nation's economy and almost 100% of foreign earning activities. Public corporations and companies owned by the Government are the major importers and exporters in Guyana. Public sector corporations have a monopoly over the importation of specified commodities from all sources. Import licenses are issued in respect of certain specified commodities only to that government corporation which has been identified to procure them centrally. When the responsibility of handling imports of any commodity has been given to a single government agency with a view to eliminating duplication of ordering, the relevant licenses are issued only to that corporation. A similar course of action is adopted when standardization of commodities is involved.

*Pharmaceutical Regulation.* Importation of pharmaceutical products may only be made through the Guyana Pharmaceutical Corporation, Ltd.

*Standards, Inspection or Special Permission for Specific Commodities.* For the importation of spare parts for second-hand agricultural machinery (tractors, combines, second-hand trucks and motor car equipment) the following data must be provided: 1) name of the manufacturer; 2) model number; 3) year of manufacture; 4) make of engine; 5) size and type of tires fitted; 6) type of auxiliary equipment fitted such as winches or hydraulic linkage (in the case of tractors); 7) the type and make of hydraulic hosing equipment (in the case of trucks).
HAITI

Import Regulation. All imports are subject to a quality and quantity verification by the Societe Generale de Surveillance (SGS), beginning December 1983 (IMF Annual Report on Exchange Arrangements and Exchange Restrictions 1984).

Imports of used clothing are not permitted (correspondence from Commercial Attache, May 9, 1985).
HONDURAS

General Trade Regulations. Allocation of foreign exchange is administered by the Central Bank. Import licenses are required for all goods. In accordance with Decree No. 340 (6/10/74), the Honduran Institute of Agricultural Marketing has been given a monopoly over the import and export of corn, rice, beans, sorghum, and potatoes.

Pharmaceutical Regulation. All pharmaceutical specialties must be registered with the Faculty of Chemistry and Pharmacy before they may be imported or placed on sale in Honduras. Pharmaceutical specialties include, besides medical preparations for human or veterinary use, simple chemical substances, products for opotherapy, serums and vaccines, and all poisonous products. All patent medicines must be registered with the Faculty of Chemistry and Pharmacy before they may be imported. As an exception, certain preparations, such as aspirin, which are composed of known formulas manufactured identically in many countries, but which could be considered pharmaceutical specialties, may be imported without registration, if the Faculty of Chemistry and Pharmacy grants an import permit. This may be granted after submission of samples and documentary evidence proving that these preparations are not pharmaceutical specialties or patent medicines, and if they are not registered under a trade name.

Application for registration must include: 1) an affidavit that the manufacturer is organized and produces the products under the laws of the country in which they operate; 2) a certificate issued by the health authorities in the country of manufacture and legalized by a Honduran consulate, which states that the product enjoys free sale in the country of origin; 3) information on dosage, pharmacological properties, and qualitative and quantitative formulas; 4) statement of the chemical analysis and methods of analysis (this is usually performed by the Faculty); 5) medical literature on the product's pharmacological properties; and 6) four labeled samples of the preparation identical to those to be sold to the public. Registration must be renewed annually.

Standards, Inspection or Special Permission for Specific Commodities. The importation of used bags made of jute to be used for packing coffee produced in Honduras is prohibited. Importation of bags which have contained coffee is also prohibited.

Import Regulation. The Honduran College of Pharmacists set standards for the importation of pharmaceuticals into Honduras. The importer must obtain written permission from this agency.

The Honduran Ministry of Public Health is responsible for the control of food products that are produced in the country and that are imported for local consumption. This office examines food products and container labels to ensure that the product is safe for human consumption (correspondence from the Commercial Attache, July 18, 1985).


**HONG KONG**

*General Trade Regulations.* There are no exchange control restrictions. Some imports require licenses.

Hong Kong is an adherent to the "Standards Code" negotiated and accepted during the Tokyo Round of the MTN negotiations in the GATT.

There are no laws in Hong Kong requiring local manufacturers to meet specific technical or quality standards other than those designed solely for the purpose of protecting the users from danger. Goods are usually produced to standards specified by buyers or importing countries, but Hong Kong manufacturers are increasingly aware of the importance of maintaining them. Many Hong Kong factories have through their own efforts become known in international markets for the high quality of their products.

The Federation of Hong Kong Industries, which is the Hong Kong member of the International Organization for Standardization, devotes much of its efforts towards helping to create an industrial infrastructure to assist Hong Kong industry in its growth. In order to assure that the quality of its products measures up to international requirements and standards, the Federation plans to expand its standards and testing centers over the next five years (according to an announcement in 1975) with the establishment of eleven new laboratories to be set up to provide testing services for all major products manufactured in Hong Kong. Also during 1975, the Federation announced the establishment of two new bodies, the Hong Kong Standards and Industrialization Research Council and the Hong Kong Standards and Testing Centre. The Council's main tasks are to promote standards of quality and sophistication in Hong Kong's manufactured products, to establish quality control markings and quality control schemes, to study and recommend on the training needs of Hong Kong industry, to recommend on standardization and to liaise locally and internationally with standardization and research organizations. This is intended to "bring about a working relationship conducive to the transfer of technology to Hong Kong."

The Standards and Testing Centre's six departments include laboratories for testing textiles, footwear, packaging materials, chemicals, food, microbiology, electronics, toys and watches. There will also be a standards library and a technical information and consultation service. In the past, the Federation has maintained a Standards Centre and provided a consulting and advising service to industry on the standards requirements of various countries. It has also maintained testing and certification services for products such as textiles, footwear, toys, packaging materials, plastic products, electrical goods, pharmaceuticals, watch cases and food. These tests are carried out either to buyers' specifications or to standards established by international organizations such as the British Standards Institution, the International Wool Secretariat (who authorized the Federation to do production testing of "woolmark" items), and the Federation of Swiss Watch Manufacturers.
The Federation will carry out preshipment inspections of products upon request and will assist manufacturers in the quality control of their products.

A U.N. expert on quality control and safety markings is going to assist the Federation in developing its quality certification program. With the assistance of this expert, the Federation plans not only to extend the range of its certification program in accordance with the standards of other countries, but also to develop Hong Kong's own quality standards.

The Commerce and Industry Department of the Hong Kong government has responsibility in the field of health and safety standards for Hong Kong products. To avoid Hong Kong's overseas trade reputation being brought into disrepute by the manufacture of products which might constitute a hazard to health or safety, the Department operates an inspection and testing system under which samples of raw materials used in various factories are tested each month by the Government Chemist. In isolated cases, where it is determined that certain products present dangers to health or safety, and where it is in the interest of Hong Kong as a whole to do so, the Department is prepared to restrict imports of the products until a satisfactory solution is found. In the matter of health and safety standards, the Hong Kong Government's policy is, however, one of education rather than restriction.

The main regulations governing environmental protection and pollution control are the "Clean Air (Restriction and Measurement of Smoke Emission) Regulations 1973", which empowers the authorities to take samples of and measure the smoke density emitted from industrial plants, as well as permitting them to take samples of liquid fuel to determine its temperature and viscosity; and the "Declaration of Smoke Control Area (Remainder of Hong Kong) Notification 1974". The Secretariat for the Environment has more information on the restrictions.

Pharmaceutical Regulation. The "Pharmacy and Poisons Regulations 1975" govern the manufacturing, importing, wholesaling, labelling and exporting of all pharmaceuticals, including medications intended for external use. Under this law, pharmaceutical firms must be registered. In addition, all pharmaceuticals imported into (or manufactured in Hong Kong) must be registered before they can be placed on the market (registration and licensing generally has to be renewed at stipulated intervals).
INDIA

General Trade Regulations. Exchange control is administered by the Reserve Bank. The Import and Exports (Control) Act of 1947 empowers the Central Government to prohibit, restrict or otherwise control imports. Import licenses are required for most imports.

Much of the trade is conducted through government trading agencies, such as the State Trading Corporation of India (STC). STC has assumed an increasingly important role in importing and exporting. Seventy-five percent of India's imports are state traded. The importation of certain commodities: including foodgrains, certain oils and fats, a number of pharmaceutical products, natural rubber, cement, raw cotton, raw jute, cashew nuts, most fertilizers, most nonferrous metals, and certain categories of steel, is reserved to the government or state trading enterprises.

However, end-users are allowed to import directly from abroad items whose importation was previously reserved to state trading organizations. The state trading organizations do not have a monopoly on the importation of most goods.

Importation of outdated educational, scientific and/or technical books is not allowed under general open license.

Many government agencies in India--both public and private--have adopted standards established by the Indian Standards Institution (ISI). The ISI is an autonomous federation of over 3,800 members including leading business houses, trade associations, technical societies and professional people. The Institution contains over 1,600 technical committees that draft standards for specific products upon the request of an ISI member or other groups such as a chamber of commerce or trade association. The draft standards are widely circulated for review before formulation of approved standards. Manufacturers who meet ISI standards can carry the "ISI Certification Mark" on their products. The government has made the ISI Mark compulsory for some exports (eg. pure aluminum stencils, plywood tea chests, jute manufactures, cables and food items) (UNCTAD TD/B/C.6/30, 1978).

Standards, Inspection or Special Permission for Specific Commodities. Computers and electronic equipment must be approved before being imported.

September 19, 1983: Compulsory quality control preshipment inspection of buffalo, sheep, goat meat exports (International Monetary Fund 1983).

November 14, 1983: All imports of acetate filament yarn which are less than first quality are to be made by a government agency exclusively (International Monetary Fund Annual Report 1983).

Export Regulation. As of September 19, 1983, exporters were informed of a compulsory quality control preshipment inspection of buffalo, sheep, and goat meat exports (IMF Annual Report 1984).

Standard and Quality Control. As of November 14, 1983, all imports of acetate filament yarn of less than the first quality grade are to be made exclusively by a government agency (IMF Annual Report 1984).

Imports of second-hand capital goods are approved on a case by case basis (Handbook of Import-Export Procedures 1982-83).
To promote technical upgradation and modernization the Ministry of Trade and Industry has created a Technical Development Fund to cover the foreign exchange requirement for balancing equipment imports having an impact on quality and/or quantity of output. Preference is given to proposals aimed at technology upgradation (Handbook of Import-Export Procedures 1982-83).

Imports of second-hand or reconditioned goods are prohibited without the prior approval of the Chief Controller of Imports and Exports (Handbook of Import-Export Procedures 1982-83).

Export of food grain seeds is allowed subject to the production of a Quality Control Certificate, issued from a certification agency, which is recognized by the state government or the National Seeds Corporation.

Labeling requirements on several chemical exports are mandatory.

The export of raw cotton and cotton by-products is not permitted without a registration and allocation certificate regarding the quality/quantity of the item intended for export. The certificate is issued by the Textile Commissioner.

The government has made the Indian Standards Institution (ISI) Certification Mark compulsory for exports of pure aluminum stencils, plywood tea chests, jute manufactures, cables and food items (UNCTAD TD/B/C.6/30, 1978).

Exports of handloom stripped bedspreads known as "Etawah Stripes" are not permitted without a certificate issued by the Textile Commissioner under the quality marking scheme of the government. The certificate is issued when the goods intended for export conform to the standard prescribed for the purpose (Import-Export Policy 1985/88).

All exporters must furnish the Customs Authorities with a Preshipment Inspection/Quality Control Certificate issued by the Export Inspection Agency for items covered under the Export (Quality Control and Inspection) Act, 1963, irrespective of whether such a condition has been prescribed in the export policy or not (Import-Export Policy 1985/88).
INDONESIA

Foreign exchange is controlled by the Bank of Indonesia. Most imports do not require a license. The government, through state trading companies, has import monopolies on cement, newsprint, tires, paper, asphalt, cotton weaving yarn, sheet iron, reinforcing steel, raw materials for the maritime industry, pharmaceutical products and raw materials.

Pharmaceutical Regulation. All medicines must be registered with the Indonesian Ministry of Health in order to be imported into Indonesia. Only finished medicines of any type will be allowed to enter Indonesia.

Standards, Inspection or Special Permission for Specific Commodities. Imports from all sources of any second-hand goods, including used equipment and machinery, is prohibited without a special permit from the Department of Trade. In order to import used machinery and equipment, special conditions and requirements must be met.


Import Regulation. All import goods must be accompanied by examination reports (LKP) issued by a government appointed surveyor. The LKP certify the truth of: a) the type and quality of goods; b) the volume of goods; c) the price; d) the freight; and e) the tariff heading number, the rates of import duty and value added tax (Presidential Instruction No. 4/1985).*

Standards. Unprocessed or low quality rubber is a prohibited export (IMF Annual Report on Exchange Rate Arrangements 1984).

Smoked sheets of quality lower than grade IV may not be exported (Decree 27/KP/82, January 18, 1982).

The Indonesian Standardization Committee is responsible for formulation standards. To date, the Minister of Trade has promulgated 174 trade standards, thirty-nine of which are mandatorily implemented for export. Based on a Ministerial decree, each consignment for export of the thirty-nine commodities to be certified before export (see next page for a list of the items covered) (correspondence from the Executive Secretary of the Indonesian Standardization Committee, October 4, 1985).

Built-up motorcycles may not be imported (Decree of the Ministry of Trade 2d/KP/82).

All imported goods must be in new condition (Decree of The Minister of Trade and Cooperatives No. 28/KP/82).

* Note: The LKP is not mandatory for consignments less than U.S. $5,000. Note also that if a trade standard is mandatorily implemented for a particular commodity, the LKP certifies that the product in the consignment conforms to that standard.
Commodities for Export of Which the Standards are Mandatorily Implemented.

1. Standard Indonesian Rubber (SIR)
2. Cassava
3. Nutmeg
4. Mace
5. Cassia Vera
6. Pepper
7. Nutmeg for distillation
8. Patchouli oil
9. Cananga oil
10. Vetiver oil
11. Cajeput oil
12. Sandalwood oil
13. Nutmeg oil
14. Clove leaf oil
15. Citronella oil
16. Vanilla beans
17. Copra cake
18. Elippe nuts
19. Coffee beans
20. Palm oil
21. Palm kernel oil
22. Palm kernel
23. Palm kernel cake
24. Pretreated palm oil
25. RBD palm oil
26. Crude palm fatty acid
27. Crude palm olein
28. Pretreated palm olein
29. RBD palm olein
30. Crude palm stearin
31. Pretreated palm stearin
32. RBD palm stearin
33. Palm acid oil
34. RBD palm kernel oil
35. Crude palm kernel fatty acid
36. Geraniol
37. Citronellal
38. Black pepper oleoresin
39. Plywood
ISRAEL

General Trade Regulations. Foreign exchange is the responsibility of the Controller of Foreign Exchange. In general, imports are free of licensing.

The Israeli Standards Institute has issued regulations governing standards for a vast number of items and/or categories of goods, materials, machinery, etc. These standards cover items ranging from the simplest to the most sophisticated. Most standards are compulsory for imported goods. Before being allowed to import certain items, importers may be required to obtain a certificate of approval from the Standards Institute, stating that the goods to be imported conform to applicable standards.

Pharmaceutical Regulation. The Ministry of Health controls, sets standards for, and otherwise regulates the importation of pharmaceuticals. Medical drugs and substances for their preparation may be imported only by the holder of a license.

Quality Control. Although most exports do not require licensing, some items are subject to licensing regulation for quality control purposes (IMF Annual Report on Exchange Rate Arrangements 1984).

Imports of used clothing require prior licensing (GATT No. BOP/203 of April 16, 1980).
IVORY COAST

General Trade Regulations. The exchange control mechanism of the Ivory Coast is closely tied to that of France. Exchange control does not apply to 1) France and Monaco or 2) All countries whose bank of issue is linked with the French Treasury by an Operations Account. Exchange control is administered by the Minister of Economy and Commerce. Import licenses are required for most products.

Preshipment Inspection. In accordance with Decree No. 75422 (June 12, 1975) it is now necessary that almost all goods imported into Ivory Coast be subject to a preshipment inspection. Since July 1, 1975, Ivory Coast has authorized the Societe Generale de Surveillance, S.A. (SGS) of Geneva, Switzerland, or its agents, to perform a qualitative, quantitative and price comparison inspection of all imports.

Goods valued at 1,500,000 CFA francs f.o.b. or more are subject to full inspection by SGS or its agents and cannot enter Ivory Coast without an inspection certificate, a notice of refusal to grant the certificate or an exemption from the Ivorian government. The certificate attests that a verification of quantity, quality and price comparison of the goods has been made in relation to similar goods ordinarily sold in the country of manufacture or shipment.

SGS or its agent responsible for the inspection of the goods bound for the Ivory Coast, will carry out the necessary inspection in the following manner: Quantitative and qualitative inspections will be carried out at the place of manufacture, at the warehouse, and/or at the place of loading for shipment to the Ivory Coast as requested by the seller. Unless a special agreement has been made or special conditions have been granted in the case of a particular transaction, the inspection of the articles will consist of a visual check and, if necessary, a verification of characteristics (e.g. test performance, checks of test reports, or quality checks of ingredients or inputs) in order to insure their conformity with descriptions, and/or specifications submitted to SGS. It will be up to the discretion of SGS to determine the extent of each check, taking into consideration such factors as the type of articles or goods to be inspected, the provisions made by the manufacturers for production verification, and their reputation. Price comparison will be made to determine whether the foreign sellers f.o.b. price for commercial transactions invoiced to the Ivory Coast correspond within reasonable limits to export prices usually applied to an importer, and whether they are within the limits of current Ivory Coast regulations as indicated to SGS by the Ivorian Ministry of Commerce.

Exemptions will be given for medicine, food products, jewelry, publications, gifts and petroleum products. Commodities exempted from qualitative inspection are: cosmetics, dyes, paints, chemical products, insecticides, bulk wines and spirits. Decree No. 0137 MC (June 26, 1975), article VI details other exemptions. The SGS representative in the United States is: The Superintendence Company, Inc., 17 Battery Place North, New York 10004, 212-482-8700.
Pharmaceutical Regulation. The Pharmaceutical Services Directorate of the Ivorian Ministry of Public Health and Population has issued the following guidelines for registering proprietary medicinal products: Proprietary medicinal products, whatever their origin, may not be retailed, imported or placed on sale unless they have been registered with the Ministry of Public Health and Population. The application for registration shall state: 1) the name and address of the manufacturer; 2) the place of manufacture, control and packaging; 3) the proprietary name of the product followed by international nonproprietary or scientific names of the active principle or principles; 4) the pharmaceutical form of the product; 5) the therapeutic indications; 6) the price ex works or c.i.f. Abidjan free of customs duty, and the selling price to the public in the country of origin.

The application shall be accompanied by: 1) the manufacturer's technical report, including conditions of production, preparation formula (excipients, dyes, flavoring substances, stabilizers, buffers and preservatives), control arrangements and techniques for the starting materials and the final product; 2) the export analyst's report, including methods for identification and quantitative determination of the active principle or principles and of the constituents, stability and storage tests; 3) the toxicological and pharmaceutical expert's report; 4) the clinical expert's report; 5) three specimens of each item for sale, including the draft "prospectus"; 6) the total registration fee; 7) one copy of the official authorization to place on the market in the country of origin.

Standards, Inspection or Special Permission for Specific Commodities. The import of most used tires and retreaded tires is forbidden unless special authorization is obtained. Additionally, the import of various used tires under Tariff 40-11-31 is limited to certain authorized importers. These importers are forbidden to sell the tires unless they have been retreaded.

Standards. The quality control and grading of cocoa beans is the job of the Service de Conditionnement. The export of cocoa which does not conform to established grades is prohibited. Quality control findings for export are valid for only fifteen days from the date of inspection. Infractions against the Law are subject to penalties and sanctions as determined by Law No. 59-110 of August 27, 1959 (Decree No. 61-330 of October 19, 1961).

The quality control of such exports as coffee, cotton and bananas is enforced by the public agency for each product. All must conform to strict standards (correspondence from the Minister of Commerce, May 9, 1985).

Phytosanitary certificates must accompany all exports of fruits, vegetables, flowers and green plants (Minister of Commerce, May 29, 1985).
JAMAICA

General Trade Regulations. Exchange control is administered by the Bank of Jamaica. Most imports require an import license.

In 1977, the government of Jamaica began setting up the Jamaica State Trading corporation with subsidiaries.

During early 1974, the Minister of Industry, Commerce and Tourism launched Jamaica's new Standards Mark--BJS--a symbolic warranty to be applied to products manufactured in conformity with Jamaican Standard Specifications, and approved by the Bureau of Standards. The "Standards Mark" is aimed at inspiring more confidence in locally produced products, and is intended to offer benefits to Jamaican manufacturers, merchants and consumers.

Specifications have been established by the Bureau of Standards for labeling thread and pantyhose. These were prepared with the assistance of the Jamaican Manufacturers Association, Jamaican Chamber of Commerce, Textile and Clothing Committee of the Bureau of Standards and pantyhose manufacturers. Thread labels are now required to show the name of the manufacturer or registered trademark which identifies the manufacturer, name of the country of manufacture, type, length or weight, ply and size.

Pharmaceutical Regulation. Importation of any pharmaceutical product is forbidden unless the formula or composition is plainly printed in English, French or Spanish on the container. A quantitative formula is required, that is, an indication of the ingredients and the quantity of each ingredient contained in the preparation. Drugs require a prior approval by a special board prior to being imported.

Standards, Inspection or Special Permission for Specific Commodities. Act No. 6 (March 18, 1975) makes provision for regulating the importation, manufacture, sale and use of pesticides and for the licensing of pest control operators.

Certain types of machinery require a permit from the Collector General of Customs.

Standards. The Ministry of Commerce and Industry specifies that cars imported by the Jamaica Commodity Trading Company may not be more than three years old or of engine capacity greater than 2000 ccs. As of March 22, 1983, the Jamaican Trading Company became the sole importer of automobiles (IMF Annual Report on Exchange Arrangements 1984).

The Jamaican Bureau of Standards has the mandate to promote standardization in relation to commodities, processes and practices. The regulation of the quality of internationally traded commodities is carried out through the enforcement of The Standards Act and Regulations (1984 Index of Jamaican Standards).

The Ministry of Agriculture states that only grade I produce may be exported (Economic Officer of the U.S. Embassy in Jamaica May 29, 1985).

Pharmaceutical Regulation. Importation of any pharmaceutical product is forbidden unless the formula or composition is plainly printed in English, French or Spanish on the container. A quantitative formula is required, that is, an indication of the ingredients and the quantity of each ingredient contained in the preparation. Drugs require a prior approval by a special board prior to being imported.
General Trade Regulations. Almost all imported goods are subject to licensing.

Standards and related regulations are being constantly issued (and have been so issued for a long time) by the Specifications and Standards Directorate of the Ministry of National Economy. Among the data governed by the Directorate are product standards and specifications, product definitions, packing, weight and dating requirements, as well as testing and examining methods.

Pharmaceutical Regulation. Pharmaceutical producers must register their products with the Director of Pharmacy and Supplies Department of the Ministry of Health. Application for registration must include the following: a certificate that they are producers; the names, composition and prices of all drugs they sell; basic information with regard to themselves and discoveries made by them within the past ten years. They must also present a certificate of "safety for human consumption" and proof of sale in the country of origin for each product the company plans to import into Jordan. There are special labeling requirements, including the regulation that the contents of the product must be printed on the label.

Standards, Inspection or Special Permission for Specific Commodities. A ruling was issued in 1975 by the Minister of Agriculture in accordance with Article 53 of Agricultural Law No. 20 to control fertilizers, whether natural, mineral or chemically treated. Fertilizers must be registered.

Importation of second-hand passenger cars and buses which are five years old, or more, irrespective of the purpose for which they will be used, is prohibited.
**KENYA**

*General Trade Regulations.* Exchange control is administered by the Central Bank of Kenya. Import licenses are required for most products.

In mid-1976, the Kenyan government established the Kenyan Development Authority with a wide range of responsibilities, both in export promotions and international trade in general. The Authority will assist the government in the formulation of trade policies and their implementation.

Preshipment Inspection. All imports in excess of an invoice value of KShs. 25,000 shipped on or after January 1, 1973, are subject to a preshipment quality and quantity inspection and price comparison by the General Superintendence Company, Ltd., or its representatives. Unless the goods are granted an exemption, Exchange Control will write into the Foreign Exchange License a requirement of preshipment quality and quantity inspection and price comparison.

After inspection, a report of findings will be issued. The report will be either a "Clean Report of Findings", if the inspection yields a satisfactory result, or a "Non-Negotiable Report of Findings", if the inspection reveals discrepancies. Goods which have not been inspected or which have received a "Non-Negotiable Report of Findings" will not be allowed to be imported.

Various goods have been granted exemptions. Specifically, exemptions may be arranged for specialised capital equipment purchased overseas under conditions whereby the Central Bank can be assured by a financial institution established in Kenya or otherwise that the objectives of quality and quantity inspection and price comparison have been met without the interference of the General Superintendence Company, Ltd.

*Standards Act.* The Standards Act of 1973 established the Kenya Bureau of Standards. The functions of the Bureau are: 1) to promote standardization in industry and commerce; 2) to make arrangements and provide facilities for the testing and calibration of precision instruments, gauges and scientific apparatus for the determination of their degree of accuracy by comparison with standards approved by the Minister, and the certification of the products; 3) to make arrangements and provide facilities for the examination and testing of commodities; 4) to control the use of standardization marks; 5) to prepare, frame, amend or modify specifications; 6) to encourage or undertake educational work in connection with standardization; 7) to provide for the testing of locally manufactured and imported commodities with a view to determining whether such commodities comply with the provisions of this Act or any other laws dealing with standards of quality.

The Bureau shall be managed and controlled by a Minister. The Minister may declare a standard specification for any commodity or for the manufacture, production, processing or treatment of any commodity to be a compulsory standard specification.
Pharmaceutical Regulation. Under the "Pharmacy and Poisons Rules of 1981," from April 1, 1982, no drugs can be sold in Kenya unless they have a certificate of registration. This applies to both locally produced and imported drugs. Drugs are regulated by the Ministry of Health.

Standards, Inspection or Special Permission for Specific Commodities. The importation of textiles and clothing is prohibited.

Alcoholic beverages must be matured in wood for three years.

Standards. The grading and inspection of grain in Kenya is governed by the Agricultural (Export) Act, which stipulates that only high quality grain be exported from the country. All exports are grade labeled for shipment (The Agricultural (Exports) Act).

Imports of second-hand clothing and reconditioned cars are not allowed.
KOREA

General Trade Regulations. The Korean government exercises exchange control. Preferential trade treatment is given to designated conglomerate trading companies.

The Industrial Standardization Law of 1961 established a Korean Bureau of Standards and the Council for Industrial Standardization. Standards have been established for mechanical, electrical and metallurgical engineering; mining, civil engineering and construction; textile and chemistry industries; foodstuffs and ceramics. Local firms meeting the standards are allowed to place the mark "KS" on their products and government agencies are urged to buy such products. As past and pending standardization legislation is based on American standards, equipment acceptable in the U.S. will be acceptable in Korea.

On August 1, 1982, the number of imported commodities subject to prior quality inspection increased by 22 to 54. The 22 items break down to six for auto parts, seven for machine tools and nine for miscellaneous goods. The Industry Advancement Administration inspects the goods in Korea. The Industry Advancement Administration is the government agency responsible for quality inspection.

Korea is an adherent to the "Standards Code" negotiated and accepted during the Tokyo Round of MTN negotiations under the GATT.

Pharmaceutical Regulation. Certificates of inspection and statements of authority to manufacture (issued by the appropriate officials in the country of origin) are required for each pharmaceutical product imported by private traders. The certificate must contain the name and address of the manufacturer, the date of manufacture of the product, the lot number, the control number, the batch number, and the date of expiration if the product has a limited period of efficacy.

Standards, Inspection or Special Permission for Specific Commodities. Here is a list of some of the laws or regulations that may impose quality restriction on specific goods: Agricultural Chemical Control Law; Fertilizer Control Law; Pharmaceutical Law; Export Inspection Law; Cultural Assets Protection Law; Tobacco Monopoly Law and Petroleum Business Law.

With effect from June 1, 1982, a quality guarantee system for some 40 durable home appliances, including TV sets and refrigerators, become operative. Under this mandatory quality formula, manufacturers and distributors of the items covered must issue quality guarantee certificates to consumers when they sell their goods. The certificates must list the specifications of the goods and the details of the quality guarantee. After sale servicing is mandatory.

Standards. Approval of all licensing agreements is based on internal policy guidelines of the Ministry of Finance. The Minister will not approve licensing agreements for contracts inducing out of date, low-grade or declining technology (Foreign Capital Inducement Act, Chapter IV, Article 24).

All exports require an Export Inspection Certificate indicating that the commodities in consignment have been inspected for quality, standards and packing by the subordinate agency of the Minister of Trade and Industry prior to receiving customs clearance (Investment Guide to Korea 1984).
KUWAIT

General Trade Regulations. Kuwait exercises no exchange control. However, import licenses are required for most commodities.

The General Committee for Standard Specifications in Kuwait has issued official standards covering a variety of goods. Information on the standards may be obtained from the British Standards Institution Library, 2 Park Street, London, WIA 2BS, England. Standards have been established, among other items, for the following: cast iron fittings for pressure pipelines and various standards relating to the size and composition of paper and other writing supplies.

Pharmaceutical Regulation. Registration of pharmaceuticals with the Ministry of Public Health is required. An official certificate, approved by the authorities in the country of origin, must be provided. The certificate must state that the drug is free to circulate in the country of manufacture.

Standards, Inspection or Special Permission for Specific Commodities. Kuwait has specific requirements covering the import and sale of insecticides and rodent poisons. Such products must be packed in strong containers which must carry details of their description, quantity and uses. The Ministry of Public Health has announced that drug importers may only import insecticides under a license issued by the Ministry and that the insecticides and their packages must meet certain packing requirements.

All types of second-hand transport vehicles (such as lorries, buses, heavy duty trucks), with the exception of petrol or diesel operated second-hand transport vehicles, are prohibited. The permitted vehicles may not be more than 10 years old from the date of manufacture. The import of used cars more than five years old, excluding the year of manufacture, is prohibited.

Food Regulation. Fats or oils used in foods may not be imported unless they are labeled according to "degree of goodness" (Amiri Decree published in the Official Gazette of July 3, 1977).

Effective October 31, 1975, all prepackaged foodstuffs must comply with all sections of the Kuwait Standards Specifications (Kuwait Standards Specifications Index No. KSS 42/1973).
LEBANON

Import Regulations. The import as well as the local manufacture of salt containing iodide or iodate is authorized only when the salt is packed in hermatically sealed containers, is pure and is dehydrated (Decree No. 1781 of 1971).

The production, import and sale of spaghetti and similar products is restricted to packaged sizes equal in weight to 1 kgm, 500 grms, or 350 grms (Department of Commerce OBR 1985).

The labels on imports of dead poultry must be clearly noticeable and must indicate the grade of meat as well as the country of origin (Department of Commerce OBR 1985).
LIBERIA

General Trade Regulations. Liberia has free foreign exchange. There is no general system of import control.

Pharmaceutical Regulation. Medicines of all kinds require a license. All drugs imported into Liberia must be registered with the Pharmacy Board of Liberia.

Standards, Inspection or Special Permission for Specific Commodities. In late 1975, the government of Liberia banned the importation of synthetic powdered detergents. This restriction does not include liquid detergents or cleansing and scouring powders.

Approval is needed for the importation of paints, paper napkins and toilet tissue.

Standards. Imports of used clothing must be accompanied by a certificate of disinfection from the country of origin indicating the type, method and quality of disinfectant used (Exporter's Encyclopedia 1984/85).

Export logs and sawntimber must be of LM and FAS qualities. This is determined by Liberian timber inspectors whose knowledge of grading thus far is limited to round logs and sawntimber.

Samples of rice must be submitted to the National Rice Committee for quality inspection prior to marketing. Rice of quality less than grade level V may not be imported.
LIBYA

Specifications. The Minister of Trade declared that all importers of electric appliances may only import those appliances for which they can guarantee the provision of necessary spare parts for repair (Minister of Trade September 1975).
MADAGASCAR

General Trade Regulations. Exchange control is administered by the Directorate of the Treasury, External Finance Office. All permitted imports must be covered by an import license.

Beginning in 1972, and continuing through the present, the Government of Madagascar has been in the process of enlarging its control over and direct participation in the country's economy. A number of sectors are now completely reserved for State enterprises. Nationalization of key industries began in 1975 and has now reached its limit. The government has completely taken over companies involved in insurance, banking, import-export, utilities and oil refining and distribution. Other industries contain majority government ownership. Currently the government controls more than 75% of the national economy.

Pharmaceutical Regulation. Pharmaceutical and medicinal products are subject to specific regulations.

Standards, Inspection or Special Permission for Specific Commodities. Any import of parts and accessories for vehicles and motorcycles is subject to the prior authorization of the Ministry of Economy and Commerce.

Madagascar has issued a series of restrictive and qualifying regulations on textile and apparel imports.
MALAWI

General Trade Regulations. Exchange control is exercised by the Central Bank. Import licenses are required for most goods.

The Malawi Bureau of Standards Act, 1972, established the Malawi Bureau of Standards. The functions of the Bureau are: 1) to promote standardization in industry and commerce; 2) to make arrangements and provide facilities for the testing and calibration of precision instruments, gauges, and scientific apparatus for the determination of their degree of accuracy by comparison with standards approved by the Minister, and the certification of the products; 3) to make arrangements and provide facilities for the examination and testing of commodities; 4) to control the use of standardization marks; 5) to prepare, frame, amend or modify specifications; 6) to encourage or undertake educational work in connection with standardization; 7) to provide for the testing of locally manufactured and imported commodities with a view to determining whether such commodities comply with the provisions of this Act or any other laws dealing with standards of quality.

The Bureau shall be managed and controlled by the Board. The Board may declare a standard specification for any commodity or for the manufacture, production, processing or treatment of any commodity to be a compulsory standard specification.

Pharmaceutical Regulation. Drugs and poisons may be sold by registered pharmacists. Generally speaking, drugs must conform to the British Pharmacopoeia or BP Codex.

Standards. The Minister of Trade may prescribe minimum standards to which meat must conform, whether as a condition of importation or exportation or of sale within Malawi (the Meat and Meat Products Act: 1, 1975).

Imports of used clothing must be accompanied by an import license issued at the discretion of the Ministry of Trade, Industry and Tourism (IMF Annual Report on Exchange Arrangements 1984).

Imports of animals and animal products must be certified as free from disease prior to disembarkment (Department of Commerce OBR 1985).

To ascertain quality control and food preservation, and to comply with international sanitary requirements, the Fisheries Department in liaison with the Ministry of Trade, Industry and Tourism administratively controls the export of dried fish (Malawi Buyer's Guide 1984/85, sec. 3.D).
General Trade Regulations. The Central Bank administers exchange
control. Most imported goods are freely permitted under General Open
License.

The Standards Institution of Malaysia (now merged with the National
Institute of Scientific and Industrial Research to form a new
organization, The National Institute of Standards and Industrial
Research) has produced more than 600 standards, some printed, some
approved and some issued for public comment only, and has placed into
operation more than 70 certification marking schemes. The Institution
is particularly active in standards as considered usable and adapted for
use in tropical conditions, such as building standards, etc. Permission
to use the SIM Standard Mark of products and in advertising is given
to manufacturers whose product consistently conforms to the relevant
Malaysian standard and whose factory has adequate control procedures.
To ensure that the Mark is not abused, SIM periodically tests the
product, makes both regular and unannounced visits to factories and
regularly checks quality control data and procedures. New standards
are being added to the current list at a growing rate and use of the
Mark is considered a marketing plus for many items in Malaysia. Goods
not of Malaysian origin, therefore, must be at least as good, if not
better, in order to compete with many of the items bearing the Mark.

The "Environmental Quality Act" was passed on March 14, 1975. It
is understood that under this Act all activities that affect the
environment are to be licensed and restrictions and controls to be
placed on such activities. The Act controls air, water, soil, and noise
pollution, as well as the discharge of oil into Malaysian waters. A new
Ministry of Local Government and Environment was established on
September 5, 1974. Although the Act has been passed, its
implementation has been hampered by limited resources in the
Environmental Division. However, the Division, with the cooperation of
other departments, is working on a set of standards that will assist in
the implementation of the Act.

Differential Tariffs based on Quality. Exemption from duty and sales
tax is given to machinery imported to establish a new industry or for
expansion, but not for replacement of existing machinery. The
machinery must be directly involved in production, be new and be
imported by that company.

Standards, Inspection or Special Permission for Specific Commodities.
Malaysia has taken steps to prevent the indiscriminate use of pesticides.

Motor vehicles must now be equipped with seat belts which must meet
applicable standards. These standards are embodied in the "Customs
(Prohibition of Imports) Order of 1979". The seat belt must bear the
appropriate standard mark. The consignment of seat belts must be
accompanied by a letter or certificate from the standards organization or
reorganized certification agency or an approved testing agency of the
country of origin affirming the validity of the claim. Vehicles must also
meet specific motor emission standards.
Whiskey and brandy must be stored in wood for at least three years.

Standards. As of January 21, 1985 there is a compulsory grading scheme for cocoa exports. "Sub-standard" cocoa is not exported (memo to membership of the Cocoa Merchants Association of America, Inc. from Hans Scheu, January 21, 1985).

It is compulsory for certain Malaysian export commodities, such as Standard Malaysian Rubber (SMR), to bear the National Institute of Standards and Industrial Research (SIRIM) mark of conformity to Malaysian standards. To date there are seventeen mandatory Malaysian standards, all administered by the respective government departments which declare them. The Malaysian Timber Industry Board administers quality control of sawn timber exports with reference to the Malaysian Trading Rules and the Malaysian Rubber Exchange and Licensing Board is responsible for the quality control of all natural rubber exported overseas.
Mali

General Trade Regulations. The exchange control mechanism of Mali is closely tied to that of France. Exchange control does not apply to 1) France and Monaco or 2) All countries whose issue is linked with the French Treasury by an Operations Account. Exchange control is administered by the Minister of Finance. Import and export licenses are issued by the Directorate of Foreign Trade in the Ministry of Commerce and Industry.

Pharmaceutical Regulation. Pharmaceutical products must be authorized by the Ministry of Health.
MALTA

General Trade Regulations. Exchange control is administered by the Central Bank. Import licenses are required for most goods.

The Malta Board of Standards, which came into existence under Act No. XXVII of 1965, provides for quality standards. This Act empowers the Department of Industry to set up an official standard mark, known as the "flower" mark, on those local goods which reach the approved quality standards. The institution of an official system of quality standards aims at promoting confidence in Maltese products. It is also vital to operate such control on local goods meant for export. Standard orders have been published covering various items, e.g. liquid bleach, powdered detergent, ready-mixed gloss enamel paint and flexible polyurethane foam.

The Standards Laboratory formulates specifications, carries out quality control and gives scientific and technical advice to government and private industry. The lab tests a wide range of products and, besides ensuring compliance with appropriate Standard Orders issued by the Malta Board of Standards, it also provides an advisory service and assists the government and the private sector in inspecting/testing a large variety of goods. Certificates of analysis are also issued by the Laboratory, when required on products which are exported.

The "Quality Control (Exports, Imports and Local Goods) Act", 1971, empowers the Malta Board of Standards to set obligatory minimum quality standards in respect of all types of goods and obligatory codes of practice for industrial and commercial activities. The Board is empowered under this Act to: 1) To prescribe standards of minimum permissible quality for any imported, exported or local goods; 2) To prescribe obligatory labeling requirements; 3) To prescribe obligatory codes of practice relating to the design, method of manufacture, construction, safety, finishing, testing, quality control, grading, storage and transportation of goods; and 4) to undertake such other things as may be deemed necessary for the carrying out of this Act.

Pharmaceutical Regulation. Medicinal products are regulated under the "Food, Drugs and Drinking Water Act", 1972.

Standards, Inspection or Special Permission for Specific Commodities. The importation of color TV sets is subject to the approval of the Minister for Industrial Development.

There are minimum quality standards for ready-mixed glossy enamel paint.

The Maltese Government has issued minimum quality standards for hot rolled steel bars for the reinforcement of concrete. Specifications cover characteristic strength of the bars, dimensions, rolling tolerances and identification marks.
MAURITIUS

General Trade Regulations. Importers must be licensed. Also, importers must apply for exchange control approval from the Bank of Mauritius.

The Standards Act of 1975 established the Standards Bureau of the Ministry of Commerce and Industry. The Director of the Bureau is responsible for: 1) the promotion and encouragement of standardization in industry and trade; 2) the preparation, framing or modification of standards and codes of practice; 3) facilities for, and the manner of, the examination and testing of commodities for which a standard has been declared and of any materials or substances from which or with which these commodities may be manufactured, produced, processed or treated; 4) the inspection of any operation being carried out on premises in connection with the production of any commodity for which a standard has been declared; 5) the control of the use of the standards mark (the use of the mark is authorised for those products which conform to the standards); 6) the examination, testing and calibration of instruments, appliances and apparatus; 7) the supply of technical information to industrial enterprises; 8) undertaking applied research to promote technological development;

The Act also established a Standards Council to oversee the Standards Bureau. The main responsibility of the Council is to formulate the standards. The Minister of Commerce and Industry has the authority to make any standard compulsory.

Standards, Inspection or Special Permission for Specific Commodities. The Pesticides Control Act of 1970 established the Pesticides Control Board to regulate the use of pesticides. Only those persons authorised by the Board are allowed to import, sell, distribute or manufacture pesticides. The Board has also established special labeling requirements.

The importation of used motor vehicles is prohibited.
MEXICO

General Trade Regulations. Before 1984, all imports required licensing. These stringent controls are being loosened. Exchange controls have been liberalized. However, only the Central Bank of Mexico can issue foreign exchange. Government imports represent 40% of Mexico's imports.

There is no special provision in the law which requires that a chemical analysis be made or that a certificate describing the same be attached to the invoice, however some inspectors have been requiring this type of information since July 1, 1982. Inspectors are authorized to examine the goods to determine, among other things, its "composition and state," to ensure that the shipment meets the requirements of Customs Law.

The Federal Law for the Prevention and Control of Environmental Pollution (March 12, 1971) governs prevention and control of air, water and soil pollution. The law prohibits the release of pollutants into the air and establishes an obligation to provide information required for the correction of the pollution. The following are listed as sources of pollution: eroded and dried up soils, boiler factories, thermoelectric plants, refineries, chemical plants, internal combustion vehicles, airplanes, locomotives, ships, and open air incineration of waste. The law prohibits the indiscriminate disposal of waste waters containing pollutants. Materials that may pollute the soil are also prohibited.

The Act is administered by the Department of Environmental Improvement. The Department is made up of a Technical Council and five General Offices. The Technical Council is an advisory body empowered to set up standards and regulations.

Differential Tariffs based on Quality. The general policy of the Mexican Government has been to permit imports of used equipment, in good condition, which are not manufactured in Mexico and which are less than ten years old. The Government normally does not permit imports of used equipment for projects receiving investment incentives. The deduction allowed for depreciation is up to the customs inspector's judgment, but it cannot exceed 70 percent of the original price of the good. If the used equipment was manufactured in Mexico, the maximum permissible deduction is only 30 percent.

Pharmaceutical Regulation. Pharmaceutical products must be accompanied by a certificate of free sale from the country of origin. During 1975, the Ministry of Health issued a standard drug formulary for all Mexican Government purchases. The formulary lists all medical products according to generic formulas and brand name products made according to such formulas.

Standards, Inspection or Special Permission for Specific Commodities. Special requirements govern the importation of electric energy, franking machines, petroleum and vehicles.
A Decree passed in 1972 abolished the sale of "adulterated" coffee. Roasted coffee may only be sold in a pure form.

Standards. The importation of used or outdated industrial machinery is prohibited.

Low quality coffee may not be exported.

The Secretariat of Patrimony and Industrial Development has the power to fix the policies by which to regulate the transfer of technology to spur the acquisition of innovative technology. The Secretariat will not register the contracts when the supplier does not guarantee the quality and results of the technology subject to the contract (Law on the Control and Registration of the Transfer of Technology and the Use and Exploitation of Patents and Trademarks; Chapter II Article 9 and Chapter III Article 15).

The National Commission on Foreign Investment authorizes foreign investment and establishes the percentages and conditions by which it should be ruled. The Commission considers several criteria and characteristics of the investment. One such criterion is the investment's effect on price levels and production quality (Law to Promote Mexican Investment, Chapter III Article 13).

Government imports represent over 40% of the country's purchases from abroad. Foreign purchases are made when similar items are not available domestically in required quality, delivery date, when international lending requires it, or when a price differential is exceeded. Purchasing committees prepare standards for purchases and leasing of goods (Department of Commerce OBR May 1981).
MORROCO

General Trade Regulations. Exchange control is administered by the Ministry of Finance. Import certificates are issued by the Ministry of Commerce.

The Government has a monopoly on the importation of tea and sugar; tobacco; petroleum.

Pharmaceutical Regulation. Pharmaceutical products may be distributed only by licensed firms, and import licenses are normally granted only to licensed firms or to importers who have firm resale contracts with licensed firms.
MOZAMBIQUE

**General Trade Regulations.** Import permits are required. Foreign exchange is tightly controlled.

**Pharmaceutical Regulation.** Special regulations govern the importation of drugs. Medical products must be registered in Mozambique prior to importation.
NICARAGUA

General Trade Regulations. Exchange control is administered by the Central Bank. All importers must be registered. Imports are licensed. Much of the trade in Nicaragua has been nationalized.

Pharmaceutical Regulation. Pharmaceutical products must be registered with specific registration names. Special regulations govern registration.
General Trade Regulations. The exchange control mechanism of Niger is closely tied to that of France. Exchange control does not apply to 1) France and Monaco or 2) All countries whose bank of issue is linked with the French Treasury by an Operations Account. Exchange control is administered by the Minister of Finance. Either import licenses or import certificates are required.
General Trade Regulations. The Federal Ministry of Finance is responsible for exchange control. Exchange control is administered by the Central Bank.

Preshipment Inspection. All goods shipped to Nigeria must have preshipment inspection for quality, quantity, price and legality. Inspection is made by the Societe Generale de Surveillance SA (SGS) Geneva. Upon completion of inspection, SGS will issue a report of findings, which shall be either: 1) a clean report of findings, if the inspection yields a satisfactory result, or 2) a nonnegotiable report of findings if the inspection reveals discrepancies. The Central Bank of Nigeria determines which goods either by type or by value are exempt from preshipment inspection. Exemptions have been given for: gold; precious stones; art works; explosives and pyrotechnic products; arms and ammunition; weapons; implements of war; scrap metal; newspapers and periodicals; household and personal effects, including used motor vehicles; parcel post or samples; meat in any form but frozen or tinned; eggs, live animals; fruits and vegetables; petroleum and petroleum products; and manuscripts.

Decree No. 56/1971 (December 31, 1971) established the "Nigerian Standards Organization". It also established the Nigerian Standards Council as the governing body of the Standards Organization. Exporters of goods which have had "industrial standards" set by Nigeria should realize that his goods must bear comparison against goods guaranteed by the Nigerian Government to be made in conformance with pertinent standards. However, the standards do not necessarily apply to imports.

The main function of the Council is to establish standards. The Council can make any industrial standard binding. The main functions of the Standards Organization are: 1) to organize tests and do everything necessary to ensure compliance with standards; 2) to establish a quality assurance system, including certification of factories, products and laboratories; 3) to register and regulate standards marks and specifications; and 4) to establish and maintain laboratories and other institutions necessary for the performance of its functions.

Standards have been established for a number of goods, including: safety matches; color-fast textiles; tungsten filament lamps; some soaps; wood poles; dry cells and batteries; some plastics; cement; paraffin wax candles; electrical characteristics of lead acid starter batteries; galvanized steel buckets and coatings on iron and steel products; steel wire; rubbers; ball point pens and reills and ink; footwear; room airconditioners; construction timber.

Pharmaceutical Regulation. Pharmaceutical products must be registered. Applications for registration should include: the proprietary or generic name of the product, form of presentation in
packages, name and quantity of each ingredient, chemical name and the structural formula of each active ingredient, method of manufacture, route and conditions of administration, dosage, contra-indications, adverse reactions, antidote, shelf life, stability data, toxicological and clinical data. Applicants will be required to give five samples for registration. Applicants must also state whether the product is already on the market in the country of origin, the names of other countries in which the product is being marketed and state how long the product has been on the market in Nigeria. Applications should be sent three months before the product arrives in Nigeria.

Standards, Inspection or Special Permission for Specific Commodities. Capital investment imports must have a "certificate of clearance."

A special license is required for the importation of electronic equipment.

Standards and Quality Control. Imports of used clothing and diluted tea are not allowed (Import Prohibition Order 1971).

Regional marketing boards are responsible for the quality control and grading of cocoa beans (Cocoa Products: Facts and Figures on the World's Major Markets; UNCTAD November 1975).

The Federal Ministry of Health houses drug quality control and industrial medicine departments to test new imported drugs and determine quality of local drugs (Exporter's Encyclopedia 1984/85).

Labeling requirements, standards specifications, sanitary requirements and quality requirements must be satisfied by importers of food and drug items (Food and Drugs Decree 1974:20, effective February 10, 1976).

Food and drink items which satisfy health and safety requirements are registered with the Food and Drugs Administration and can therefore be offered on the market (Registration of Food Product Regulations/1982).
OMAN Standards. The Department of Specifications and Quality Control assures that locally manufactured products and imported products comply with Omanian standards by testing production and import samples selected at random in the Government Central Laboratory. By the end of 1984 the Department had issued seventy-eight compulsory standards (Royal Decree No. 39/1976).
General Trade Regulations. Exchange control must be effected through an authorized foreign exchange dealer. Licenses are required for all imports.

Pakistan is an adherent to the "Standards Code" negotiated and accepted during the Tokyo Round of MTN negotiations under the GATT.

Pharmaceutical Regulation. The "Drugs Ordinance" (January 17, 1976) regulates the import, export, manufacture, storage, distribution and sale of drugs. The major provisions of the ordinance are: 1) Compound drugs must be registered, in general, by their proprietary names, while single ingredient drugs must be registered by their generic names; 2) Prison terms and fines are provided for violations; 3) Federal and Provincial Governments can ban the import (or export) of any drugs, or direct that certain drugs be imported by a Government agency; 4) a National Formulary is compiled and published. The National Formulary lists all drugs allowed to be imported, manufactured, or sold in Pakistan, subject to periodical review, modification and updating in order to incorporate all the latest findings and discoveries in this field; 5) the Federal Government may fix maximum prices; 6) a Provincial Drug Testing Laboratory is set up; 7) inspectors are appointed; 8) a Licensing Board (to issue licenses to manufacturers) and a Registration Board (to ensure quality) are established; 9) retailers are required to not only ensure that all pharmaceuticals sold by them are from licensed manufacturers, but must also have a warranty from the manufacturers guaranteeing the quality of each drug batch supplied.

Standards, Inspection or Special Permission for Specific Commodities. The Federal Pakistani Government is enforcing compulsory standardization of the export of certain items (beginning May 19, 1976). The following items come under export control: asbestos cement, kettles, electric toasters, stoves and lamps.

The Agricultural Pesticides Ordinance of 1971 regulates the import, manufacture, formulation, sale, distribution and use of pesticides. They are subject to registration, specific labeling requirements, possible import prohibition and storage use regulations.

Imports of second-hand or rebuilt machinery and second-hand tractors will be permitted against externally held foreign exchange. Imports of second-hand buses and trucks in built-up form are permitted by Pakistanis against certified foreign exchange earnings. Such imports shall not be more than two years old and should be standard makes.

Construction companies are permitted to import second-hand or reconditioned machinery with the approval of the Investment Promotion Bureau, Karachi.
The Government of Pakistan has decreed that all shipments of iron and steel from the United States must be accompanied by a producer’s certificate stating that the product conforms to specifications set by one of the following: The American Society for Testing Materials; Society of Automotive Engineers; American Iron and Steel Institute; American Society of Mechanical Engineers; Lloyd’s Register of Shipping; American Bureau of Shipping; American Petroleum Institute; American Association of Railroads; or the American Engineering Association. This quality certificate is required in addition to the producing mill testing certificate and the producers packing list. The responsibility for determining that the steel conforms to specifications has been delegated to the Office of Collector of Customs. Pakistani Customs have also stated that they will require stamped heat code numbers as proof that the products match the appropriate mill (testing) certificates and packing lists.

Standards and Specifications. New standardized trucks, buses and light commercial vehicles were made freely importable as of July 1, 1983 (IMF Annual Report 1984).

The prohibition of exports of snapped battery cells, waste dentures, and waste exposed x-ray film was lifted as of October 12, 1983 (IMF Annual Report 1984).

The Export Trade Control Order of 1980 enforces quality control restrictions on eighteen categories of export commodities. Each of the items must bear the certification mark of the Pakistan Standards Institution as defined in the Certification Marks Ordinance of 1961 XLVIII. Agricultural exports falling in one of the eighteen categories must be graded according to the Grading and Marking Rules made under the Agricultural Produce Act I of 1937 (S.R.O. No. 846(I)/80, August 17, 1980).

Imports of detergents that do not satisfy stipulated labeling requirements are subject to 200 percent ad valorem duty rates. The rate of duty for imports that comply with labeling requirements is twenty percent of the retail price.

Imports of high quality professional recording equipment and machinery are exempt from custom duties chargeable in excess of forty percent ad valorem (S.R.O. No. 196(I)/76 of February 23, 1976).

No person shall export from Pakistan any goods which do not conform to the standard or grade designation applicable to the sample of such goods (Export (Quality Control) Order, 1973).
PANAMA

General Trade Regulations. Panama has no system of exchange control. Only a few items are subject to licensing.

Pharmaceutical Regulation. Pharmaceutical products must be approved by and registered with the Ministry of Public Health before being imported. Laboratories outside of Panama must submit a document certified by a Panamanian consul affirming that the lab is authorized to produce where it is located.

Import Regulation. All imported foods and beverages which are packaged or bottled must be approved by and registered with the Ministry of Public Health before they can be marketed. Under these regulations, the Ministry's approval depends upon a laboratory analysis of each product by the University of Panama.

Special labeling requirements are in effect for imported cigarettes and tobacco, wines, patent medicines and pharmaceutical specialties (Department of Commerce OBR).
PAPUA NEW GUINEA

General Trade Regulations. The Bank of Papua New Guinea administers foreign exchange. There are no import licensing requirements.

Pharmaceutical Regulation. The "Dangerous Drugs" list is as for Australia. Import of these items is prohibited except under license from the Comptroller of Customs, Department of Trade and Industry. Further regulations govern distribution and sale in Papua New Guinea.

Standards, Inspection or Special Permission for Specific Commodities. In 1974, a Commission of Inquiry was established to investigate and advise the Papua Government on which types of mechanical and electrical plant equipment importation should be encouraged. There are indications that the Papua government might actively discourage the unrestricted importation of certain models of automobiles, gasoline and diesel engines, electric motors, refrigerators, outboard motors and various other similar goods. One of the main objectives of this standardization is the future availability of spare parts.

Standards and Quality Control. The National Technical Standards Act of 1982 established the National Standards Council. The council has the authority to establish national technical standards (promulgated by the Minister of trade), specify standard marks and standard labels, issue licenses to use standard marks, approve certificates of compliance with national technical standards, and recommend that certain commodities be subject to quality control and/or inspection prior to export. The council may also recommend that certain exports be prohibited unless accompanied by a certificate of compliance (Chapter No. 379, National Technical Standards, January 1, 1982).

Only Papua New Guinea (PNG) first grade cocoa may be exported. Export quality cocoa is packaged and sealed with a red triangle and cocoa seal (Cocoa Inspection Procedures, The National Technical Standards Act).

Copra is grade labeled by The Copra Marketing Board. Producers are paid according to the grade on the inspection certificate (Copra Inspection Procedures, The National Technical Standards Act).

The government has established mandatory procedures for the inspection and sampling of rubber for quality control purposes. All factories producing PNG classified rubber (PNGCR) must be approved and registered with the Papua New Guinea Rubber Board (PNGRB). Rubber must conform to one of five acceptable grades of Technical Specified Rubber. The Rubber Inspectorate Unit is responsible for maintaining PNGCR standards by routine spot check conducted at factories and cross checks of test results and certificates issued by the two approved test labs against the results of inspectorate samples and shipment of PNGCR (Quality Control of Rubber established in The National Technical Standards Act).

The Coffee Industry Act requires that all PNG coffee be tested for quality and grading. Exporters and agents are penalized if coffee is shipped for export without the required marking. Inspectors have the authority to examine coffee intended for export, classify it into a prescribed grade and, if necessary, re-mark the bags containing the coffee with the prescribed mark appropriate to its grade (Coffee Industry Regulation Chapter No. 208).
Fish exports are prohibited without an approval export stamp administered by the Director. Export quality fish is defined as fish that is up to the required standard as established by the Director (Chapter No. 101 General Restrictions on Fish Exports).
PARAGUAY

General Trade Regulations. The Central Bank of Paraguay determines foreign exchange policy. No import licenses are required.

Preshipment Inspection. The Central Bank Circular No. 52/83 (August 30, 1983) requires preshipment inspection for exports to Paraguay. Applications for imports will be subject to quality control and prior assessment of the goods before shipment by the Societe Generale de Surveillance SA (SGS) Geneva. The following exemptions have been granted: 1) Inspection is not required for imports approved before September 1, 1983. 2) Inspection is not required for imports not paid for through the Paraguayan banking system but from the importer's own resources.

Pharmaceutical Regulation. A certificate of free sale is needed on shipment of drugs and pharmaceuticals. It must be in Spanish and give a description of ingredients. It must be notarized and signed by authorities in the country of origin, then legalized by a Paraguayan consulate.
PERU

General Trade Regulations. The Central Bank controls foreign exchange. Import license requirements have been eliminated for most goods. The government of Peru controls all imports and exports of basic products and raw materials through its purchasing agencies and monopolies. The government has monopolies in agricultural and fisheries products; minerals and metals; precious stones; tobacco; films; petroleum and petroleum products; and fertilizers.

Differential Tariffs based on Quality. Used goods are liable to the payment of duties at the same rate as new goods. In determining the value of the used goods, the customs officials will use the declared prices, providing they correspond to the condition of the used goods. Prices of used goods may not be lower than 50% of the price of similar new goods. For some items, the government has fixed minimum values for duty assessment.

Pharmaceutical Regulation. During 1975, the government of Peru took over the importing and marketing of most foreign pharmaceutical products. Special regulations govern the registration, importation and sale of pharmaceutical and medicinal products.

Standards, Inspection or Special Permission for Specific Commodities. Used capital goods may be imported, provided they do not compete with items produced by local manufacturers and their purchase results in significant savings.

Standards and Quality Control. National Standards, called ITINTEC Standards, are developed by technical committees. Some of these standards become compulsory. Instituto de Investigacion Tecnologica Industrial y de Normas Tecnicas (ITINTEC) certifies the quality of imported products according to Peruvian national compulsory standards. Only those products which comply with the standards can be commercialized in the country.

CERPER is the public company which grades and certifies fishery products. Quality control and certification procedures have been instituted to promote industrial development of the sector at both the national and international level (Fish and Shellfish Publication of the Peruvian Export Promotion Fund (FOPEX)).

The Peruvian National Fishery is established by legislative Decree No. 54 of March 20, 1981. The agency's decision to import oil is based in part on quality considerations.

Imports of fire extinguishers must be accompanied by a quality certificate and security certificate. Licensing of these imports is designed to verify quality and safety standards of products to be imported (GATT COM.IND/W/55, February 3, 1972).

Imports of old clothing are subject to the prior opinion of the General Directorate of Industry (GATT document COM.IND/W/55/REV.1, November 14, 1980.
PHILIPPINES

General Trade Regulations. Foreign exchange is administered by the Central Bank. Sales of foreign exchange require Central Bank approval. Import licenses are not required, but imports of certain commodities require prior approval from specified government agencies.

Philippines is an adherent to the "Standard Code" negotiated and accepted during the Tokyo Round of MTN negotiations under the GATT. The Philippines has issued a large number of standards and is otherwise regulating products, their manufacture and use. Many U.S. product requirements are used or acceptable.

The Philippine International Trading Company (PITC), patterned after the trading companies of Japan, is engaged in all sectors of trade. The government hopes to consolidate imports in order to obtain more favorable financing terms and more bargaining power. The objective is to undertake trading activities and provide auxiliary services where such are not provided efficiently by previously existing organizations.

Pharmaceutical Regulation. Specific standards are to be met in manufacture. Before entry, samples taken at random will be delivered to the Food and Drug Administration for analysis. The products must meet the requirements of the FDA before they may be imported.

Standards, Inspection or Special Permission for Specific Commodities. Notarized manufacturers' certificates are required on all imports of aluminum products.

Standards and Quality Control. The Philippines Bureau of Products Standards is the agency empowered to set standards for all exportable commodities to which it assigns a Philippines Bureau of Product Standards (PBPS) number. The Bureau is responsible for inspecting all export products (R.A. 4109).

Imports of used clothing and rags are not permitted (Republic Act No. 4653).

Exports of cement and clinker must have the express approval of the Cement Industry Authority which inspects shipments to test product quality and alter product specifications when necessary to meet specific export requirements (Presidential Decree No. 43, section 18).

Exports of foods, drugs, and chemicals should be registered with the Food and Drug Administration. If after inspection the product is found unadulterated or not misbranded, a certificate is issued to that effect, and released for export (Philippine Food, Drugs and Cosmetics Act, R.A. 3270).

Imports of used trucks require prior approval by the Central Bank and other agencies (Philippine Foreign Trade Manual).

Imports of metals must have labels indicating the quality of the metals.
QATAR

General Trade Regulations. There is no system of exchange control. Import licenses are issued by the Ministry of Economy and Commerce. This is a general open license for most goods.

Pharmaceutical Regulation. Imports of drugs require special permits. Drugs must be registered with the Drug Quality Control Centre of the Department of Pharmacy.
RWANDA and BURUNDI

General Trade Regulations. The Central Banks administer exchange control. Both nations require import licenses.

Preshipment Inspection. Burundi and Rwanda have established an obligatory preshipment inspection for all goods. The General Superintendence Company, Geneva, is appointed to verify the quantity, quality and price of goods.

Rwanda is, but Burundi is not, an adherent to the "Standards Code" negotiated and accepted during the Tokyo Round of MTN negotiations under the GATT.

Imports of autos over three years old are not allowed. Imports of autos less than three years old are allowed if the importer can assure the availability of spare parts (IMF Annual Report 1984).
SAUDI ARABIA

General Trade Regulations. Import licenses are required only on rice, sugar and flour. Exchange for payments may be obtained freely.

The Saudi Arabian Standards Organization is actively engaged in the formulation and promulgation of mandatory Saudi standards. Assistance in this task is being given by official government organizations in the United States and the U.K., as well as by private organizations dealing with standards.

It is understood that Saudi Arabia is constructing a new laboratory at Damman whose function will be to examine the quality and ingredients of imported commodities and consumer goods. The new lab is part of a program implemented by the Ministry of Commerce to expand its system of laboratories to include checking imports. The new lab will examine all types of commodities.

Pharmaceutical Regulation. Imports of pharmaceuticals and medicinal products require a certificate issued by the Ministry of Health, or an equivalent agency of the exporting country. The certificate must state that the medicines are actually used by the public in the country of origin under the same trade name and formula and must include the name of each product, the formula, and the date and number of the permit to manufacture. The certificate must be renewed every two years. In addition, a certificate of free sale should accompany such shipments of pharmaceutical products.

Standards, Inspection or Special Permission for Specific Commodities. The Ministry of Commerce and Industry noted in 1972 that steel reinforcing bars may not be imported unless accompanied by certificates 1) from the manufacturer that the product has been subject to continuous experiments at the plant itself, the certificate to include details of the chemical analysis, the mechanical testing (tension, extension, and bending) and diameter, and 2) from the authorities concerned in the country of manufacture, that they subject the product to periodical inspections and testing.

Vehicles. Tonnage on a single axle is not to exceed 13 tons for trucks. Importers of agricultural machinery are required to conform to certain regulations regarding the establishment of branches and workshops, stocking of spare parts, providing service, etc. Any importer who fails to comply with these regulations may be prohibited from importing such equipment. Motor vehicle importers must import a minimum of 20% of the value of each imported vehicle in spare parts. All vehicles must adhere to specified standards, including total overall weight limits.

The construction of prefabricated hotels, schools and hospitals is regulated because of the fire risk.

Imports of books, magazines and records are subject to inspection and approval by Customs.
**SENEGAL**

*General Trade Regulations.* The exchange control mechanism of Senegal is closely tied to that of France. Exchange control does not apply to 1) France and Monaco or 2) All countries whose bank of issue is linked with the French Treasury by an Operations Account. Exchange control is administered by the Ministry of Economy and Finance. Import licenses are issued by the Minister of Commerce.

*Standards, Inspection or Special Permission for Specific Commodities.* The import of various types of goods is restricted or prohibited: *first and second-hand motor vehicles* (second-hand motor vehicles are prohibited), *low-priced radios*, and *a wide variety of electrical appliances*. These items may be imported if authorized by the appropriate agency.
General Trade Regulations. On June 1, 1978, Singapore fully liberalized its exchange control regulations. There is now free exchange. Some goods still require import licenses.

The Singapore Institute of Standards and Industrial Research (SISIR), a statutory board under the authority of the Singapore Parliament, had its emblem accepted by the Singapore Government as the official certification mark guaranteeing the quality of Singapore-made products. A manufacturer is authorized to use the mark only after the Institute has subjected his products to stringent quality tests and is satisfied with its quality and reliability. Goods bearing this mark are highly regarded in Singapore and goods which do not bear such a mark must be qualitatively as good, if not better, in order to be considered for purchase or use.

Singapore is an adherent to the "Standards Code" negotiated and accepted during the Tokyo Round of MTN negotiations under the GATT.

Pharmaceutical Regulation. The Medicines Act of 1975 regulates pharmaceutical products. Medicinal or veterinary products must be licensed. Further implementations of the Act will require licensing of manufacturers, importers and wholesalers, and registrations of premises dealing in retail supply, as well as control of advertising.

Standards, Inspection or Special Permission for Specific Commodities. The Singapore Registrar of Imports and Exports issued Import and Export Notice 6/75 (April 1, 1975) which requires importers of television sets to confirm that the sets comply with safety standards recommended by the International Commission on Radiological Protection (ICRP). The specific ICRP standard (Paragraph 289 of Publication No. 15) is: "The exposure rate at any position 5 cm. from any outer surface of domestic-type television sets and of television equipment used for projection purposes, closed-circuit applications and the like shall not exceed 0.5 mR/h. It is the manufacturer's responsibility to ensure that compliance with this recommendation is achieved. In addition to radiation from cathode ray tubes, radiation may arise from high-tension rectifier and shunt voltage-regulator tubes which, because of the radiation transparency of their glass envelopes, may need to be enclosed in protective housing. Attention is also drawn to the substantial increase in radiation emission that occurs with increasing operating voltage; therefore, television apparatus shall not be adjusted to operate at higher voltages than those for which the protection was designed, and means shall be provided to prevent this from being done."

Electrical goods must be examined by the Public Utilities Board engineers before such items can be installed in Government houses.

Vehicles. During 1977, the Singapore Government announced that crash bars must be fitted to all motorcycles having a cylinder capacity of more than 200cc. Very specific requirements obtain regarding the crash bars, including size, composition and fitting.
All cars registered after 1978 must be fitted with seat belts for the front seats. The anchorage should be to approved standards and should be so indicated on the vehicle. The belts, which should be of the three point lap-sash type, should bear the certification mark of the British Standards Institution.

Crash helmets require import permits and must also conform to SISIR standard 9.
SOLOMON ISLANDS

General Trade Regulations. Exchange control is administered by the Solomon Islands Monetary Authority. Most goods may be freely imported under general open license without restrictions.

There is a restriction on the import of electrical appliances, which must conform to the British Standards Specifications or the Australian equivalent.
SOUTH AFRICA

General Trade Regulations. Import and export licenses are issued by the Ministry of Industries, Commerce and Tourism. An importer is automatically granted exchange to pay for the import upon presenting to his bank the necessary consignment documents. On January 1, 1984, South Africa abolished controls on a wide range of products and simplified its import licensing system.

The South African Bureau of Standards was established by the Standards Act, 1945. The Council of the South African Standards Bureau was established by the Standards Act, 1962. The most recent legislation in this regard is the Standards Act, 1982.

The main functions of the Bureau are: 1) to promote standardization and to provide information, guidance and instruction in connection thereof; 2) to secure the co-operation of or give assistance to the governments of other countries or territories, or foreign or international bodies having objects similar to those of the Bureau, and to obtain membership of such international bodies; 3) to examine, test or analyse articles, materials and substances; 4) to assess quality management systems and to control such systems; 5) to furnish reports and issue certificates in connection with examinations carried out by the Bureau; 6) to control the use of standard marks.

The main function of the Council is to issue specifications consisting in each case of a description: 1) of a commodity with reference to its characteristics (nature, quality, strength, purity, composition, assembly, dimensions, mass, grade, durability, etc.) 2) of the manner of manufacture. The Minister of Commerce, Industries and Tourism may make any standard compulsory.

Technical standards have been established by the Council for: cookware, electrical apparatus, fluoride toothpaste, measuring instruments, fish products, explosives, microwave ovens, motorcycle helmets, hydraulic brake fluid, and other products.
General Trade Regulations. Exchange control is administered by the Central Bank. In 1977, most government monopolies were withdrawn. No prior licensing is required for most goods.

Pharmaceutical Regulation. Drugs and pharmaceutical products are under strict and specific regulations.

Standards, Inspection or Special Permission for Specific Commodities. In 1972, certain controls were placed on specific fertilizers, including controls of the supply of specified imported fertilizer materials, registration of manufacturers and processors of such imported materials, over the labeling of products and quality control of the products.
SUDAN

General Trade Regulations. Exchange control is administered by the Bank of Sudan. All imports are subject to licensing. A specific import license is required for all textile and apparel products.
SURINAM

Imports of autos and industrial machinery must be less than three years old (Trade Attache, May 31, 1985).
A recently signed agreement between the International Fund for Agriculture Development (IFAD) and the government of Swaziland provides for quality and quantity regulation of imports and exports of agricultural commodities.
SYRIA

General Trade Regulations. Foreign exchange is administered by the Central Bank. Import licenses for all imports are issued by the Ministry of Economy and foreign Trade. State trading organizations have monopolies on many basic commodities, including coffee, tea, rice, tobacco, salt, paper, iron and steel, and certain agricultural machinery.

Pharmaceutical Regulation. Imports of any special pharmaceutical products shall be prohibited unless the use thereof in the country of origin is allowed. This shall be established by certificates of origin from the health authorities in the country of origin which clearly mention that the preparation desired to be imported is of the manufacture of the country of origin and allowed to be used, circulated and sold to the citizens of the country. This certificate must be legalized by a Syrian consulate.
General Trade Regulations. The Law of Standards was adopted in 1947 and is administered by the National Bureau of Standards of the Ministry of Economic Affairs. The bureau has overall responsibility for supervision standards, measurements, patents and trademarks. As of the end of April 1976, 3,813 standards had been approved, including 1,965 revisions and 145 revocations. Some standards are compulsory, while others are voluntary. Products which could create health hazards or jeopardize public safety are subject to compulsory standards.

Approved manufacturers can use the "Cheng" symbol assuring that the product measures up to applicable standards. As of the end of 1975, 301 licenses had been granted to local manufacturers for the use of the Chinese Standard Mark on 1,234 products. Applications for the use of the mark are strictly checked to ensure manufacturing capability, inspection facilities, quality control performance, management systems and actual operational status. Regular inspection of the licensee's factory and tests of products are also conducted by the bureau. Failure to meet the bureau's standards and requirements results in cancellation of the license.

Anyone wishing to sell his goods in the Republic of China must be aware at all times that for the items covered by the standards mark such goods will be measured against the proven quality of the home products. Therefore, exports to China must be as good or better to merit sales. The Public Health Department is responsible for the administration of food and drug controls. All drugs are subject to examination and certification by the Public Health Department before they can be released for sale.

Standards, Inspection or Special Permission for Specific Commodities. Nine categories of used machinery are restricted to suppliers in the U.S. and Europe: road rollers, excavators, dredging machines, graders, bulldozers, scrapers, shovels, pole drivers, and roadmaking machines.

The Statute of Technical Cooperation stipulates that the approval of a licensing agreement is contingent upon the contribution of the patent or technical skills to the manufacture of new products; an increase in the volume of production; an improvement in product quality; or improvement of design, operation or administration and management skills (Statute for Technical Cooperation of September 8, 1962, Article 4). Current policy does not encourage imports of used machinery due to an attempt by the government to upgrade industry. The government will consider applications on a case by case basis if the age of the machinery is less than half the lifespan established by government for depreciation allowances.

Imports of used autos are not allowed (correspondence from the Taiwan Board of Foreign Trade).
General Trade Regulations. Foreign exchange is administered by the Bank of Tanzania. Most imports require a license. The state controls virtually all commerce, industry, insurance and banking.

Preshipment Inspection. All goods shipped to Tanzania must have preshipment inspection for quality, quantity, price and legality (beginning November 1, 1972). Inspection is made by the Societe Genrale de Surveillance SA (SGS) Geneva. Inspection cost shall be borne by the seller. Upon completion of inspection, SGS will issue a report of findings, which shall be either: 1) a clean report of findings, if the inspection yields a satisfactory result, or 2) a nonnegotiable report of findings if the inspection reveals discrepancies. Authorized banks are advised that no payment is to be effected unless documents include a Clean Report of Findings. Exemptions have been given for: gold; precious stones; art works; explosives and pyrotechnic products; arms and ammunition; weapons; live animals; fresh fruits and vegetables; household and personal effects, including used motor vehicles; goods procured by the Zanzibar Government; goods procured through the Crown Agents for Overseas Governments and Administrations; and consignments with a value of less than T.Shs. 20,000.

The Standards Act of 1975 established the National Standards Institute, under the supervision of the Ministry of Commerce and Industry. The Institute is responsible for: 1) the promotion and encouragement of standardization in industry and trade; 2) the preparation, framing or modification of standards and codes of practice; 3) facilities for, and the manner of, the examination and testing of commodities for which a standard has been declared and of any materials or substances from which or with which these commodities may be manufactured, produced, processed or treated; 4) the inspection of any operation being carried out on premises in connection with the production of any commodity for which a standard has been declared; 5) the control of the use of the standards mark (the use of the mark is authorised for those products which conform to the standards); 6) the examination, testing and calibration of instruments, appliances and apparatus; 7) the supply of technical information to industrial enterprises; 8) undertaking applied research to promote technological development;

The Minister of Commerce and Industry has the authority to make any standard compulsory.

Pharmaceutical Regulation. The "Pharmaceuticals and Poisons Act of 1978" is operative and will be supervised by an 11-member board. The priority concern of this board is to strengthen the government chemist's unit so that it may provide effective checks on standards of imported and local chemicals and poisons.
General Trade Regulations. Foreign exchange approvals are given automatically. Most commodities may be imported freely, but some require a license.

In Thailand, the push towards standardization began in earnest with the passage of the 1969 "National Industrial Standards Act", giving birth to the Thailand Industrial Standards Institute (TISI). Similar to various other standards agencies already in existence in Thailand, the main objectives of TISI are: 1) the creation of a body of standards ensuring an acceptable level of quality and safety at reasonable production costs; 2) the administration and carrying out of Thailand's national certification scheme; 3) to advise, in general, and to assist industry in its efforts towards rationalization. Up to June 1976, TISI had evolved 165 standards for a wide range of products.

While standards formulated under TISI are intended to serve as voluntary industry-accepted guidelines, the 1969 founding act provides the legal basis and procedural steps necessary to effect mandatory standardization. Some products have been placed in the compulsory category.

An extension to the main body of the Institute's work is the national certification program under which a company is licensed to use the TISI quality symbol on its products if they are made to the standard specifications. The quality symbol is awarded only after stringent testing of the company's product, examination of the factory's quality control procedures and random testing. If the quality symbol is awarded, the Institute follows through with a continuous program of unannounced spot checks and product sampling to ensure that the product remains up to the mark.

In Thailand, it is understood that all government purchases are to be bought according to standards wherever available.

Additionally, the level and composition of Thai imports should be increasingly modified by standards requirements for selected products whether imported or indigenous. Even if, for a particular product, certification is not mandatory, the use of the symbol by other producers of similar items could well mean the difference between exporting goods to Thailand and their sale within that nation or the loss of a sale or even a customer.

Pharmaceutical Regulation. A license is needed to import medicines. Medicines must be manufactured according to the Code of Good Manufacturing Practices. Medicines must be approved by the Ministry of Public Health.

Standards, Inspection or Special Permission for Specific Commodities. The import of used vehicle bodies, regardless of whether they are imported complete or in part and whether they are installed with engines, chassis parts or component parts or accessories, is prohibited unless a permit is obtained from the Minister of Commerce.
Second-hand trucks also require a permit.

Standards have also been set on steel bars; food containers; tea and coffee; mineral water; and games.

The Export Standard Act of 1960 regulates the standards of certain exports.

The Drugs Act of 1967 and 1979, and Ministerial Announcements, regulate both the quality of drugs imported for sale and produced for export.

The Industrial Standard Act of 1968 and 1969, and Royal Decrees issued by virtue of the provisions of the Act, regulate the standards of certain imported industrial goods and goods produced for export.

TOGO

General Trade Regulations. The exchange control mechanism of Togo is closely tied to that of France. Exchange control does not apply to 1) France and Monaco or 2) all countries whose bank of issue is linked with the French Treasury by an Operations Account. Exchange control is administered by the Minister of Economy and Finance. Imports of all permitted goods from all sources require a license.

The Societe Generale de Commerce has a monopoly on the import of: sugar, rice, flour, salt, tobacco, corrugated iron, and concrete reinforcement rods.

Differential Tarriffs based on Quality. A "fixed market value" determined by customs officials is the basis for customs valuation on: certain foodstuffs, cement, petroleum products, certain textile products, used clothing and shoes.

The state owned Office des Produits Agricoles du Togo (OPAT) is responsible for the quality control of cocoa beans in Togo. OPAT is also responsible for the marketing of the cocoa beans (Cocoa Products: Facts and Figures on the World's Major Markets; UNCTAD).
TRINIDAD and TOBAGO

General Trade Regulations. The Central Bank administers exchange control. Some goods are allowed under general open license. Others require special import licenses.

For most industries, compliance with U.S. or British standards is usually acceptable, however, local standards are being developed.

The Trinidad and Tobago Bureau of Standards decided (April 5, 1982) to examine, upon landing, imported goods to which Trinidad and Tobago standards apply. Where the standards are compulsory, the landed goods will only be allowed to enter if 1) upon an examination of samples it is found that the goods comply with the compulsory standard; or 2) they are accompanied by a certificate of examination and compliance with the compulsory standard, issued by a laboratory or other similar institution in the country of origin recognized by the Bureau.

Pharmaceutical Regulation. Foodstuffs and pharmaceuticals must be approved by the Food and Drugs Division of the Ministry of Health. Samples may have to be submitted to the Division.

The Standards Act of 1972 established the Trinidad and Tobago Bureau of Standards. Several compulsory standards and labeling requirements have been promulgated for various types of goods. Textiles, pesticides, footwear and garments are just a few. The Bureau inspects imported goods for compliance with standards set by laws. The Bureau is also empowered to inspect and certify export goods.
TUNISIA

General Trade Regulations. The Central Bank controls exchange. Liberalized imports require only an import certificate. Other imports require approval and a license.

The Government has a monopoly on the import of most agricultural products. Government monopolies also exist on matches, playing cards and tobacco; coffee, tea and sugar; grains; and drugs.

Tunisia is an adherent to the "Standards Code" negotiated and accepted during the Tokyo Round of negotiations under the GATT.

Pharmaceutical Regulation. Pharmaceuticals are controlled under "Pharmacie Centrale," the government monopoly.

All grades of rice other than grade No. 10.06 are not permissible as export items (GATT No. BOP/220).

Law No. 82-66 of August 6, 1982 on standardization and quality provides for the creation of the National Standardization and Industrial Property Institute. The Institute approves standards and conditions governing the use of the national mark signifying conformity to standards. Chapter III, article 10 establishes that all producers, importers, exporters and merchants must recognize officially authorized standards. The Minister's Decrees of Standards Authorization outline details to which products and services must conform.
General Trade Regulations. The government owns 40% of the industry in Turkey. Much international trade is conducted through the state trading organizations. State trading organizations have monopolies on the import of: railroad and port equipment; communications equipment; office supplies; cigarettes; coffee; alcoholic beverages and other products.

Beginning in 1984, Turkey abolished most foreign exchange controls and removed restrictions on 75% of all imports. An import license permits the allocation of foreign exchange.

Standards in Turkey are set by the Turkish Standards Institute.

Pharmaceutical Regulation. Pharmaceutical and medicinal preparations require the prior approval of the Turkish Ministry of Health and Agriculture before they may be imported. Import permits are usually only granted to owners of drug stores or to Turkish representatives of foreign manufacturers. Various data must be submitted to the Ministry when applying for a permit, including place of manufacture, formula, usage directions, if a doctor's prescription is required for sale in the exporting country, value of the item, proposed retail price, plus samples of the goods. Pharmaceutical products being introduced into Turkey for the first time require an analysis certificate.

Standards, Inspection or Special Permission for Specific Commodities. Use and servicing instructions in the Turkish language should accompany all imported vehicles, engines, motors, machines and appliances, otherwise the goods may not be released by the Turkish authorities.

Imports of tractors and agricultural machinery may only be made by the sole agencies of the foreign manufacturers of such items. Additionally, the sole agent and importer must have competent technicians to perform the necessary maintenance services.

Imports of "old, defective, substandard, soiled, poor quality or used and reconditioned goods" may not be completed without permission from the Ministry of Commerce.

By issuance (4/22/72) of Proclamation No. 7/4239, Turkish authorities amended the Highway Traffic Regulations. Vehicles require: 1) Safety belts in automobiles for the front seats; 2) Protective helmets for motorcycle drivers and passengers; and 3) Protective goggles for motorcycle drivers.

Standards and Quality Control. Imports subject to licensing require the prior approval of the appropriate government department for quality and health control purposes (GATT COM.INDW/55, Nov. 21, 1980).

Article 12 of the Decree on the Export Regime states that the declaration of exporters on the documents prepared during the performance of export transactions shall be considered invalid if the exporter fails to fulfill his guarantees to buyers on the grounds of unjustified reasons.

Article 5 of the decree on the Import Regime establishes that the importation of old, used and renewed goods as well as of faulty, substandard, deficient and worn
Article 12 of the Decree on the Import Regime authorized the Undersecretariat for Treasury and Foreign Trade to effect the quality control and other hygienic controls of the imported goods, either before or after the imports, and either by itself or by institutions it shall appoint. The quality control before and after the imports of materials used in the production of pharmaceuticals shall be executed by the below authorities:

(a) The Ministry of Health and Social Aid, regarding the pharmaceutical raw materials for human health.

(b) The Ministry of Agriculture, Forestry and Village Affairs, regarding the veterinary and agricultural disinfection pharmaceuticals and pharmaceutical raw materials.

Investment Incentives. Customs exemption is linked with the provision that the goods in question are not produced by domestic industry, or, if they are, not of the quality of international standards (Foreign Investment in Turkey--Changing Conditions Under the New Economic Programme; OECD, 1983).

Investment in special and high quality steel establishments is eligible for customs installment, investment reduction and a rebate of the interest rate difference for medium term credits. These incentives apply also to investment in modern establishments for the production of bread, meat products and olive oil (Law for Encouragement of Foreign Capital Investments, 1984).
General Trade Regulations. The Bank of Uganda administers foreign exchange. Imports are controlled through licensing and foreign exchange allocations.

Preshipment Inspection. With effect from July 1, 1982, preshipment inspection for quality, quantity and price applies to virtually all imports into Uganda. Before the importer into Uganda can effect payment, a "Clean Report of Findings" by SGS or their agents must be forwarded to Uganda with the other shipping documents.

Pharmaceutical Regulation. Under the "Pharmacy and Drugs Regulations, 1974", import regulations for long lists of classified drugs to be used for agricultural, horticultural, human and industrial and mining purposes are given, including: how sales are to be effected; imports to be made (such imports must be licensed by the Ministry of Health), labeling of containers; marking of bottles or packages; and much more.
UNITED ARAB EMIRATES

General Trade Regulations. There is no exchange control legislation and no general system of import licensing.

Pharmaceutical Regulation. The import of pharmaceutical products is subject to prior registration with the Ministry of Health. Pharmaceuticals not listed on the Ministry of Health register cannot be imported. The responsibility for the completion of registration rests with the manufacturer and his agent. Any unregistered drug is banned.
UPPER VOLTA

General Trade Regulations. The exchange control mechanism of Upper Volta is closely tied to that of France. Exchange control does not apply to 1) France and Monaco or 2) All countries whose bank of issue is linked with the French Treasury by an Operations Account. Exchange control is administered by the Minister of Economy and Finance. Most imported goods require a license.

Differential Tariffs based on Quality. A "fixed market value" is used for duty valuation on certain foodstuffs, cement, petroleum products, certain textile products, used clothing and shoes.
URUGUAY

Import Regulation. Imports of used clothing must be accompanied by a notarized certificate of disinfection (IMF Annual Report, 1984).

Imports of pharmaceuticals must be approved by the Ministry of Public Health and be covered by a sales permit (IMF Annual Report, 1984).

Veterinary specialties must be officially tested or approved before they can be imported (IMF Annual Report).

Imports of agricultural products must be accompanied by a sanitary certificate certifying that the consignment has been inspected and is free of disease (IMF Annual Report, 1984).

Labeling Requirements. All imports of products as well as products produced domestically must bear labels indicating the quality and composition of the contents (OBR, 1985).

Investment Incentives. The Industrial Promotion Act of 1974 grants incentives to projects that support one of five national objectives. The first objective listed in the act is that the investment should reach maximum production and marketing efficiency based on adequate levels of size, technology and quality (Industrial Promotion Act of 1974).
VENEZUELA

The Law of Standards and Quality Control (published in the Gaceta Oficial of December 31, 1979) outlines policy to regulate the standards and quality of trade and production in Venezuela.
WESTERN SAMOA

Exports may be prohibited by the Director of Agriculture and the Produce Marketing Division on grounds of low quality (IMF Annual Report, 1984).

Imports of a few commodities are restricted or prohibited for reasons of health (Department of Commerce OBR).
YEMEN ARAB REPUBLIC

General Trade Regulations. There is no system of exchange control. Licenses are required for all imports.

Standards, Inspection or Special Permission for Specific Commodities. The Yemen Arab Republic forbids local firms from importing for resale the following categories of used or reconditioned machinery: 1) machinery and mechanical appliances and parts thereof; 2) electrical machinery and equipment and parts thereof; and 3) vehicles and parts thereof. The prohibition is intended to ensure that used machinery is not sold as new and also to guarantee after sales service and spare parts. Direct sales to end users of second-hand machinery and plant is still allowed.
ZAIRE

General Trade Regulations. Licenses are generally required for imports. Foreign exchange is administered by the Bank of Zaire.

Preshipment Inspection. An "attestation de Verification," regarding quality, quantity and price, issued by a representative or correspondent of the "Office Zairois du Controle" is required by the Banque du Zaire for all imports, and no goods may be shipped to Zaire without such an attestation. Any exemption is given only on an ad hoc basis. The General Superintendence Company may operate as a representative of the Office Zairois du Controle.

Pharmaceutical Regulation. The importation of pharmaceuticals must be supported by an authorization from the Department of Public Health.


Coffee exports are subject to government established quality control procedures (IMF Annual Report, 1984).
ZAMBIA

General Trade Regulations. The Bank of Zambia administers foreign exchange. Licenses are required for most imports.

Preshipment Inspection. Preshipment inspection for quality, quantity and price applies to virtually all imports into Zambia. Before the importer into Zambia can effect payment, a "Clean Report of Findings" by SGS or their agents must be forwarded to Zambia with the other shipping documents.

It was noted in 1973 that the government was establishing a new "Zambian Standards Association," based on national and international requirements for all goods and products manufactured in Zambia as well as for imports.

Pharmaceutical Regulation. The Dangerous Drugs Act (No. 41) and the Therapeutic Substances Act (No. 37) are the relevant Zambian regulations governing the sale of pharmaceuticals. Neither registration nor certification of drugs is necessary. An import permit is, however, required for pharmaceuticals, and must be requested by the local Zambian importer. Samples may be required before permits are granted for the entry of new drugs, although this is an administrative decision, not a statutory requirement.

The Zambia Bureau of Standards Act of 1982 established the Zambia Bureau of Standards, an autonomous government body which promotes standardization and quality control in industry and commerce. The Bureau is responsible for the establishment of compulsory standards, the establishment of export standards, the establishment of export promotion schemes, and the operation of product certification schemes.

The Food and Drugs Board issues regulations to control the quality of food and drugs. Inspectorates of the Ministry of Health are responsible for forwarding food and drug samples to the Food and Drug Laboratory for analysis.
ZIMBABWE

Standards and Quality Control. The Central African Standards Association (CASA) within Zimbabwe is developing a system of quality control for exports and imports. Currently the association controls safety standards for various products (correspondence from the Secretary for Finance, Economic Planning and Development).

The Merchandise Marks Act enforces the use of trade descriptions of goods and indication of origin.

The Trade Measures Act enforces the use of legal measures and weights. The Act defines the base units of measurement which are related to international standards of mass, length and volumes, and authorizes the specific units permitted to be used in Zimbabwe.

The Food and Food Standards Act prevents the sale, importation and manufacture of food which is adulterated, falsely described or unfit for human consumption. The Act is administered by the Ministry of Health.

The Standard Association of Zimbabwe is responsible for certifying the safety, quality and performance of essential consumer goods and services (Secretary for Trade and Commerce).
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