30 November 2022

Coordinator
International Development Policy
Development Policy Section
Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
Barton ACT 0221
Australia

Dear Coordinator,

RE: Submission on DFAT New International Development Policy

Standards Australia (SA) welcomes this opportunity to provide a submission on the design of a *New International Development Policy* under development by the Department of Foreign Affairs and Trade (DFAT).

As the peak national standards body, we are responsible for overseeing Australian Standards development, and the adoption of International Standards through the International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC). We work with industry, government, and academia to develop and adopt standards across all sectors through an open process of consultation and consensus. In addition, we foster close relationships with other National Standards Bodies (NSBs) and regional and international standards organisations to build capacity and to promote economic integration in the region.

Introduction

We acknowledge the importance of setting a long-term direction for Australia's international development engagement to ensure that Australia effectively works in partnership with our neighbours to achieve a peaceful, stable and prosperous Indo-Pacific.

Australia's future is intertwined with that of the Indo-Pacific region, a region that is grappling with the triple challenges of climate change, COVID-19 recovery and deteriorating global economic conditions. As Australia's national standards body, we suggest that the Australian Government should not overlook the importance of strengthening National Quality Infrastructure (QI) capacity of nations, of which standards setting is a key component, and supporting harmonised standards in the Indo-Pacific to respond to these challenges and to support economic integration and resilience in the region.

Standardisation is an enabler for economic, social and environmental progress if done well. Industry-driven international standards present globally recognised specifications that promote resilience in infrastructure and the environment, improve health and safety, protect natural resources and support the development and uptake of emerging technology. They also underpin and facilitate regional trade and investment. According to the Organisation for Economic Cooperation and Development, up to 80% of global trade is impacted by standards and related technical regulations.

However, with increasing geopolitical interests and influence in the development and setting of standards, there is a growing threat that standards are being used to leverage power and influence across the region. Active state-centric approaches threaten more inclusive and internationally focussed stakeholder-led standards development. This has recently been highlighted in key strategic issues like emerging critical technology, digital trade, cyber security and critical minerals.

At the same time, the proliferation of divergent national standards and proprietary standards across the region risks fragmenting markets and creating security risks. Divergent standards create incompatibilities which become barriers to cross-border trade and constrain regional value chains. While the broad spectrum of malicious cyber activity by state and non-state actors continues to present a persistent threat to enterprises and consumers alike, particularly when best practice international cyber security standards are not implemented and adhered to.
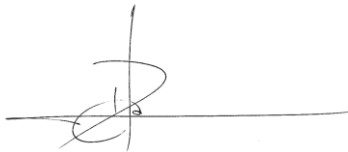
In addition, nations with ambitious trade agendas are now working with regional partners of ours and essentially gifting QI infrastructure which complicates Australia's trading relationships. An International Development Policy that supports building QI capacity and promotes harmonised standards in the region, while seeking to address the issues identified above is in Australia's national interest. This submission offers recommendations and explains how standardisation should be a key part of any Development Policy consideration. It further explains how Australia's peak national standards body, SA, is well placed and ready to help strengthen standardisation systems across our region. We recommend that the Australian Government:

Recommendations

1. **Recognise** the importance of well-functioning national Quality Infrastructure across our trading partners and near neighbours.
2. **Commit** to protect and strengthen standardisation systems in Indo-Pacific developing countries, prioritising those with which Australia has or is proposing bilateral or regional trade agreements or are part of Australia's broader national interest.
3. **Invest** in institutional strengthening and capacity building for developing country National Standards Bodies in the Indo-Pacific region so they may operate effectively and in accordance with good international practice.
4. **Include** international standards or Australian Standards in capacity building procurement requirements, where appropriate, to support performance and outcomes.

These views are expanded upon in our responses to the questions posed in the Terms of Reference below. Should you have any queries about this submission, I would be happy to discuss and can be contacted on 02 9237 6086 or at adam.stingemore@standards.org.au.

Yours sincerely

Adam Stingemore

General Manager Engagement and Communications

Submission on Terms of Reference:

1. **What key trends or challenges will shape Australia's engagement in our region and globally over the next five to 10 years? What risks and opportunities does this present for Australia's development assistance?**

Australia's engagement in our region and globally over the next five to ten years will be shaped by a number of challenges that are impacting our international environment. Over this period, the world will remain impacted by the triple challenges of climate change, COVID-19 recovery and deteriorating global economic conditions. These challenges come at a time where the shifting political paradigms continue to raise questions about the value of multilateralism and impact upon free trade, and the strategies and goals of other nations increasingly compete with and challenge our own.

Our region is particularly vulnerable to the impacts of these challenges. It is the most vulnerable to the impact of climate change. It is also significantly impacted by global economic downturns, as 22 of our 26 nearest neighbours are developing countries with comparatively less long-term growth prospects than more developed countries.

While it is a time of uncertainty and risk, there is great opportunity for Australia to draw on our national strengths to work in partnership with our neighbours to seek to mitigate and address these challenges to achieve a peaceful, stable and prosperous Indo-Pacific. We have the institutions and the know how to support the region to participate in the rules-based multilateral trading system that keeps markets open and trade and investment flowing. We also have the capabilities to support the development and uptake of standards that will build resilience in economies and the environment and will support uptake of innovative technological advances that will better connect the region's economies.

2. **What development capabilities will Australia need to respond to these challenges?**

It is vital for the New International Development Policy to recognise the importance of functioning National Quality Infrastructure (QI) across our trading partners and near neighbours.

QI underpins the processes that drive trade and provides the framework for industry and governments to maintain domestic and foreign confidence in goods and services, enhancing global competitiveness, attracting investment and encouraging and supporting innovation. It also builds resilient communities and environments through providing globally recognised standards that are a launch pad for innovation and support addressing key risks, such as cyber security and the impacts of climate change. The core components of QI are: standardisation, testing, measurement, certification and accreditation.

The increasing interdependence of regional and global economies, the growing importance of critical and emerging technologies and digital trade, and the impacts of the rapid digitalisation of society and climate change necessitates a need for strengthening QI. For developing countries and economies in transition, QI forms the foundation for economic development and greater prosperity:

- A recent United Nations report[1] on quality infrastructure and sustainable development explains that establishing QI can "substantially assist a nation in pursuing a development path aligned with the UN Sustainable Development Goals", bringing improvements for prosperity, people, and planet. The report notes that QI uses standards built on consensus thereby driving international cooperation and partnerships that help maintain global peace.
- The World Bank confirms[2] that QI is required for effective operation of the domestic market, and that international recognition of quality infrastructure services is important to enable access to foreign markets.

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[1] United Nations Industrial Development Organization Report, January 2020: Rebooting Quality Infrastructure for a Sustainable Future https://tii.unido.org/sites/default/files/publications/QI_SDG_PUBLICATION_Dec2019.pdf?_ga=2.133151886.103207583.1579760228-621869503.1562811051
[2] World Bank website: Quality Infrastructure https://www.worldbank.org/en/topic/competitiveness/brief/qi

- The Australian Department of Industry, Science and Resources (DISR) notes[3], "every country needs a sound standards and conformance infrastructure to achieve its societal and economic goals", while the Department of Foreign Affairs and Trade (DFAT) notes[4], "standards can increase the efficiency, value and volume of trade and meet the objectives of a regional approach."

The new Policy must recognise the importance of functioning QI across our trading partners, for societal, economic, and environmental wellbeing as well as better implementation of the WTO Technical Barriers to Trade Agreement.

3. How can Australia best utilise its national strengths to enhance the impact of our development program and address multidimensional vulnerabilities?

Standards Australia is an active and influential member of ISO and IEC, ensuring Australia is an advocate for the international standardisation system. Through this work, we have established strong relationships with our international counterparts. With other national members – including nearly all Indo-Pacific countries – we drive the international standards setting agenda. We are also the Australian member of the Pacific Area Standards Congress (PASC), a regional forum of 25 standard setting bodies, with representatives from all ASEAN Member States and expanding number of Pacific Island nations.

There is consensus across many international organisations on the need for active participation of developing countries in standardisation. The WTO points to important QI gaps among its members, and how these gaps can have significant negative consequences for trade and development, not least for developing countries. ISO describes participation in standardisation as essential to ensure the global relevance of international standards and open access to world markets, technical progress and sustainable development. IEC confirms a need for increased awareness, use and adoption of international standards in developing and newly industrialised countries to remove technical barriers to trade. PASC recognises the need to improve the ability of Pacific Rim standards organisations to participate in standardisation programmes effectively.

As an established and successful national standards body, Standards Australia is well placed to assist developing countries in the region with their integration into the international standards system and implementation of international standards in their economies. Examples of our efforts include:

- Working closely with partners, we facilitate and support the outcomes of Australia's Free Trade Agreements by working to harmonise standards across industry sectors. An example is an early outcomes study for IA-CEPA (Indonesia-Australia Comprehensive Economic Partnership Agreement) highlighting areas of opportunity for greater standards harmonisation and regulatory alignment.
- We assist counterpart National Standards Bodies to ensure they build and maintain strong and reliable national standardisation systems, and support them to respond to key national challenges. An example of this is our work supporting Fiji to adopt two Australian and Australian/New Zealand wind loading standards that will support the construction of wind-resilient buildings in Fiji in response to increasing tropical cyclone activity.
- We carry out both bilateral and plurilateral work in the region, including needs assessments using international 'good standardisation practice' methodology, and structured, professional institutional strengthening and capacity building, based on skills and competency objectives for standardisers. The ASEAN-Australia Digital Trade Standardisation Initiative is an example of work

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[3] Department of Industry, Science and Resources (DISR) publication: Australia's Standards And Conformance Infrastructure, An Essential Foundation, July 2016 https://www.industry.gov.au/sites/default/files/June%202018/document/pdf/australias-standards-and-conformance-infrastructure.pdf
[4] Department of Foreign Affairs and Trade (DFAT) publication: Digital Trade Strategy https://www.dfat.gov.au/sites/default/files/digital-trade-strategy.pdf

lead by Standards Australia that supports National Standards Bodies and Australian foreign policy commitments.

SA considers these efforts to support further development of standardisation systems in the region to be crucial to regional development. We are eager to accelerate this work to build on our long experience of supporting other National Standards Bodies to deliver on obligations to the rules-based system, and operate effectively for their society and economies to build resilience and reduce frictions and technical barriers to trade.

4. **How should the new policy reflect the Government's commitments to build stronger and more meaningful partnerships in our region, founded on mutual trust and respect and shared values of fairness and equality?**

SA supports the view that Australia's development program will be most impactful if it is informed by our neighbours and delivered through building genuine partnerships founded on mutual trust, respect and reliability. We suggest that the new policy should take into consideration the potential to leverage the relationships of Australian institutions with their regional partners to inform and enhance the effectiveness of Australia's development agenda. Australia is well placed, and Standards Australia is well placed, to assist regional partners in areas like climate adaptation and resilience in the built environment. Being more joined-up in our agendas can only lead to better outcomes.

5. **What lessons from Australia's past development efforts should inform the policy? What is Australia seen to be doing comparatively well?**

SA recommends that the new international development policy should draw on the principles of consistency and sustainability in its efforts. Programmes of work should be designed with a long-term view to ensure perceptions of Australian investment are those of genuine partnerships. Efforts to address development challenges should be supported by governance frameworks ensuring transparency and coordination, to avoid duplication of effort or siloed approaches from the Australian agencies and development partners. Where possible, efforts should be made to drawn upon existing partnerships and institutions to sustain engagement across stakeholder groups.

In many areas of national Quality Infrastructure capacity building, Australia has a strong presence and efforts should be made to stocktake and build upon existing initiatives. Standards Australia would also recommend that efforts be taken to build a strong community of practice amongst delivery partners, in order to align efforts and share mutual lessons.

6. **How should the performance and delivery systems be designed to promote transparency and accountability, as well as effectiveness and learning in Australia's development assistance?**

SA suggests that there is an opportunity to include additional robustness, transparency and accountability in the performance of Australia's capacity building programs through inclusion of relevant international standards or Australian Standards in procurement and delivery requirements. Standards, when conformed to, ensure that products, services and systems are safe, consistent, and reliable. Including them as delivery requirements for capacity building projects, such as those related to construction, energy and water utilities, will promote good practice in project outcomes.

7. **How should the new policy address the role of ODA and non-ODA in supporting the development of our regional partners?**

SA recommends that the new policy consider the implications of ODA-restricted funding when operating in regional contexts. For example, engagement with ASEAN may be limited due to the eligibility of some ASEAN members for ODA. In instances where a regional approach may be identified as the preferred approach, a non-ODA approach should be prioritised to avoid fragmentation and to ensure engagement with regional institutions.