



# MINISTRY OF FINANCE

## REPUBLIC OF SOUTH AFRICA

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### **SABS 60<sup>th</sup> Anniversary Impact of standardisation on competitiveness**

Good day Ladies and gentlemen

In celebrating the 60<sup>th</sup> anniversary of this organisation I would like to highlight the importance of standardisation to the economy as well as pay tribute to those who have contributed their time and expertise to standardisation activities in South Africa.

We live in a world profoundly reliant on product standards. Computers have various standardised protocols to be able to share files and use different hardware and software; faxes can be sent because of common protocol, communication networks share common protocols and all of these have contributed to the world becoming known as a global village. But the need for standards are not new; in 1904, firefighters from neighbouring towns were unable to help fight a fire in Baltimore as their hoses did not fit the hydrants in Baltimore.

In the early years, standardisation was a means to ensure product quality and ensure public safety. It has now become a competitive tool for our industries and businesses, enhancing productivity.

Through standardisation, South Africa can – and indeed has – strengthened the confidence of our trading partners, markets and consumers in our products and services. Technical barriers to trade have been reduced as we have aligned our standards with international standards and we have enjoyed better access to overseas markets for our products and services. Standardisation has enabled our manufacturers and traders to conduct their trade in goods and services with greater confidence. Exports have increased on average 4 percent per year since 1994, which is faster than GDP growth.

When standardisation improves connectivity or the inter-operability of systems, cost savings for an industry is immense. The higher productivity achieved by standardisation of systems, processes and equipment will result in higher returns for all parties concerned. Standards development and compliance are dynamic in nature on the national level and even more so on the international level. Many businesses are aware of the positive trade-off between standards compliance and the competitive benefits to be derived there from. The future export performance, as an important determinant for growth, requires this awareness to become increasingly pervasive among producers.

Initiatives on standardisation have ensured greater competitiveness for South African enterprises and industries making international trade more accessible. Product standards enable competition to focus on efficiency in providing standardised aspects, as well as other additional features of products. This promotes a rise in the general level of product quality, performance and safety. Similarly, management and systems standards help to spread best practise and to raise the general level of performance. South African economic growth will be enhanced by these efforts. As such I must commend the SABS on the e-mark quality control scheme that was developed in line with European directives to facilitate the easy access of pre-packed South African goods to the European Union.

Standards can help to propagate innovations, and hence enable economic benefit to be derived from them by the innovator as well as the consumer. This is done by spreading acceptability of innovation in the market, and by enabling other suppliers to incorporate the innovation into their own products.

The SABS has an enviable international reputation in a number of international standards setting environments. One area where the SABS excels is in phytosanitary regulation and the surveillance of fishery products – the level of industry interaction this requires is to be applauded and should be emulated on all spheres of standards setting for the country.

Other areas where the SABS has a significant international presence are in the electrotechnical industries and its work in the setting of international standards for structural timber – ensuring a labour-intensive industry access to international markets. International standards setting in the textiles industry have also been influenced by SABS developments in standards setting, in some cases the SABS standard has been set as the international standard.

The theme for the World Standards day 2005, 'Standards for a safer World' embody much of what is important to us as government. Because it is not only the need for standards to facilitate trade but also the role that standards play in the mitigation of human suffering and material loss that is recognised by government.

Standardisation is a key factor to support government's policies for economic growth, including competitiveness, innovation, reduction of trade barriers, fair trading and protection of consumer interests, environmental protection and public procurement. Used in conjunction with health and safety; and environmental legislation, standardisation can also help government promote better regulation.

The SABS has added value to all sectors of the new democratic society in South Africa. Uniquely South African, I was bemused to hear about the first known standard for donkey carts that was prepared for the Department of Transport of the North West province to support its efforts to ensure safe and affordable transport in rural areas.

Increased participation by industry has created the opportunity for the SABS to provide tailor made training to SMME's to impart knowledge, skills and the capabilities needed to be able to manufacture high quality products and services that conform with national and international standards. Thus, SABS has not only played a role in standards setting and monitoring but is also active in the areas of benchmarking and enhancing firms' capabilities to meet standards. This is exactly the type of intervention needed in our economy to grow the productive base and ensure increased employment and reduce poverty.

In answering questions on coal reserves and our capacity to generate cheap power, ability to covert coal to fuels and earn foreign currency from coal exports, the SABS has been most helpful in setting a standard framework for the reporting of coal resources and coal reserves. Coal reserves and how they are calculated is important for everyone in the coal supply chain.

When the CSIR developed the SuperTag<sup>tm</sup> technologies in the early 1990's, radio frequency identification was placed on the world agenda. Automation, accuracy and cost-savings are driving businesses overseas to adopt RFID in their supply chain management operations. This technology reduces labour costs, improves efficiency and reduces shrinkages creating huge competitive advantages for companies. The evolution to greater efficiency will involve the creation of international standards for inter-

operability. It is important for local stakeholders to support the SABS in the international committee so that South Africa not be relegated to a follower.

Government also recognises the role played by standards in reducing human suffering. Standards published for the paraffin wick stove is recognised here. In specifying minimum safety requirements, it is hoped that the 45 000 paraffin related fires (killing between 2 500 and 3 000 people annually and causing extensive property damage) can be reduced.

As the pace of technological improvements advance, product life cycles will get shorter and will put greater pressure on the SABS and its subsidiaries to develop new and up to date standards at a faster rate to meet industry requirements. I am sure that you will be up for the challenge.

And a final word:

“Bureaucrats beware” says a recent press release, “ their cherished red tape could soon be a thing of the past, as the standard for it, office tape, has been withdrawn by the SABS.”

Margaret McCleary of the SABS was quoted as saying ‘ Nobody appears to want red tape, green tape or any kind of office tape anymore.’ I must concur with Ms McCleary, in Government we are also trying to reduce red tape to increase South Africa’s economic growth.