

**QUALITY ASSURANCE SYSTEM FOR AGRICULTURAL PRODUCTS
TOWARDS AN INTERNATIONAL STANDARD:
THE INDONESIAN EXPERIENCE¹**

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I. INTRODUCTION

The GATT agreement emanating from the Uruguay Round can be viewed as a formalized form of globalization of the economy and of trade liberalization. It has had a significant impact on the system of world trade in agricultural products, which relies on a high level of competitiveness and puts the emphasis on efficiency, productivity, and quality. In this connection, the development of a standardization system constitutes one of the key policy instruments towards the realization of these three elements and in anticipating changes in this strategic environment.

However, the fact that many developed countries are changing their trade policy instrument from tariff barriers to non-tariff barriers, in the form of TBT (technical barriers to trade) and SPS (sanitary and phytosanitary) measures, is giving the developing countries some concern. After the entry into force of the WTO Agreement in January 1995, many countries, particularly industrialized countries, appear to have applied quality standards and technical regulations more stringently than previously. By 1996, no less than 6000 technical standard regulations on TBT and SPS had been notified to the WTO. Such a high number of notifications seems to point to the existence of a steady shift in the application of macro-economic policy instruments, as mentioned earlier.

Regulatory reform and harmonization towards international standards for agricultural products are carried out through a quality assurance system within a system of standardization. SPS measures are probably the main issuing source of regulations on technical standards, comprising two aspects, namely the quarantine and the food safety aspects.

In the coming years, the implementation of non-tariff barriers will most likely tend to increase. However, if the developing countries are able to meet the technical requirements immediately, the competitiveness of food commodities on the international as well as the domestic market will improve rapidly. In this regard, Indonesia has both the opportunity and the ability to become more competitive. Nevertheless, this will only be possible if the country's existing potential, both structural and functional, can be utilized properly and with better coordination between the various government institutions concerned - particularly at the important policy-making level - and the private sector (as economic agents) in facing the changing global environment. Only then will Indonesia survive in the world trade competition.

The purpose of this paper is to describe briefly the development of the quality assurance system within the standardization system for agricultural products in Indonesia. Its scope will only cover the system of standardization of agricultural products in relation to the food safety aspect and will not include the quarantine aspect.

¹ Paper presented at the WTO Regional Seminar on SPS, Manila, Philippines, 30 June-3 July 1998, by Dr. Wahyudi Sugiyanto, Director, Center for Standardization and Accreditation, Agency of Agribusiness, Ministry of Agriculture.

II. QUALITY ASSURANCE (QA) SYSTEM

The System of Standardization of Agricultural Products is derived from the Agricultural Standard System and the National Standard System, and is based on the Decree of the Minister of Agriculture No 303/94, and Presidential Decree No 13/1997 (replacing Presidential Decree No 7/1989).

The System is divided into three sub-systems, namely the Sub-system of Standardization, the Sub-system of Accreditation and the Sub-system of Cooperation on Standardization. The enclosed Diagram/Figure 1 shows the links between these sub-systems, the role of the QA System and its objective. As the diagram clearly shows, the QA System is structured around the mechanism of the Sub-system of Accreditation.

The main function of the SubSystem of Standardization is to formulate the Indonesian National Standard (*Standar Nasional Indonesia or SNI*). This is done through a consensus forum composed of producers, consumer associations, universities, government institutions, central as well as regional, etc. The various institutions or groupings concerned by the SNI include the government, industrialists, associations, scientists and consumers.

In order to maintain food quality, the government has established standards based on quality, nutrition value, and safety criteria. The food standard is mandatory for certain kinds of food, whether they are processed or not. In accordance with Government Regulation No 15/1991 and Presidential Decree No 12/1991, SNI is expressly stated as being a harmonized standard. Under SNI are also a number of related technical institutions, operating on the same consensus system as mentioned above, whose task is to consider the requirements of health, safety, science and technological development. Every two or three years or so, SNI is up-dated to accommodate national or international market demand for standards on a specific commodity. A revision of SNI can also take place for the purpose of securing national food safety and human safety programs, and can extend to plants and animals. In practice, SNI is formulated in stages, initially on the basis of the local or national standards, which can later be adapted to comply with international standards. Usually, regional standards such as ASEAN standards or international standards recommended mainly by the Codex Alimentarius Commission (CAC) are used as a reference in the formulation. Hence, through the process of the harmonized SNI a single standard will gradually be achieved, with the domestic standard aligning itself on the international standard.

The institutions dealing with the QA System are certification bodies (as, for instance, in the case of quality systems and testing laboratories), as depicted on Diagram/Figure 1. These certification bodies will issue certificates guaranteeing that the quality of the product meets the standard requirement of the importing country or of the SNI. In order to be recognized as *bona fide* certification bodies, the proposed bodies must first be accredited by the Agency of National Standards (formerly the Council of National Standards), in accordance with Presidential Decree No 13/1997. Moreover, to achieve the necessary credibility, the certification bodies must be recognized by the trading partners in terms of their system and the capability of their human resources. This recognition can take place through the establishment of a mutual recognition arrangement. Both the private sector and the government institutions are eligible to become certification bodies provided they can fulfill the criteria required of a particular certification body. The objectivity and independence of the certification body are probably the most important qualifying criteria.

As can be seen on Diagram/Figure 1, the role of the government is to assist the private sector in developing its productivity and efficiency as well as in enhancing the quality of its products in order to increase its competitiveness on the global market. Through these sub-systems, i.e. standardization, accreditation and cooperation on standardization, the Ministry of Agriculture assists the private sector in the form of: (a) formulating SNI, (b) building a QA system by establishing a credible certification body through the accreditation process, and (c) socializing SPS measures.

Under the Sub-system of Cooperation on Standardization, a socialization program is conducted to reach the institutions concerned, both public and private, and the private sector. This is an information exercise which also provides the possibility to discuss the likely opportunities and challenges which the private sector will face when confronted with a new standard or technical regulation applied by a particular trading partner. Through this mechanism, businessmen can hopefully determine their strategy in dealing with the business practices of their trading partners.

The Notification Body and Enquiry Point have important roles in receiving and disseminating information concerning SPS measures such as standards and technical regulations from the CAC, IPPC (International Plant Protection Convention), IOE (International Office for Epizootic) and other members of the WTO. The function of the Notification Body concentrates mostly on the internal process of digesting and analyzing emerging SPS measures. With the help of good coordination between the institutions concerned and the private sector, the Notification Body can play an important role in defining a suitably solid national position on the new standards applied by trading partners. Furthermore, this solid position can provide valuable information to both policy-makers and businessmen in determining their trading strategy with regard to international trade and trading partners.

In order that the Standardization System on Agricultural Products can work properly, the Indonesian government has appointed the Center for Standardization and Accreditation as the institution responsible for the application of the system. Its responsibilities are set out in the Decree of the Minister of Agriculture No 303/1994. In addition, the Center for Standardization and Accreditation, the Agency for Agribusiness and the Center for Agricultural Quarantine under the Secretariat General are designated as the notification body and the enquiry point respectively.

At present, the Ministry of Agriculture is trying to establish and strengthen a certification body on quality systems based on HACCP and testing laboratories for, among others, residue pesticides, micro-biological contaminants, additives, and heavy metal content. The aim of this initiative is to be able to meet the requirements of importing developed countries on fish and poultry products. The products should be processed according to the HACCP quality system approach. In addition, some importing countries require a health certificate to ensure that the product is safe for human consumption.

III. FOOD CONTROL SYSTEM

Food production for the domestic market

Food produced and distributed within the Indonesian territory must comply with the health and safety requirements as well as with Ministry of Health Regulation No 329/76 on Food Production and Distribution, and Ministry of Health Regulation No 382/90 on Food Registration. Likewise, imported food, like the food produced and distributed on the domestic market, must comply with the SNI and may not fall below the SNI. In the event of a deviation from this rule occurring (e.g. the product does not comply with the SNI or does not have the mandatory SNI labeling certificate), it will be subject to sanctions.

Exported food

The quality of exported food must not be lower than the SNI requirements or other standards referred to and acknowledged. The exporter is responsible for the quality of the exported products and the Ministry of Industry and Trade controls the quality of exported food by issuing a Quality Conformity Certificate or Product Certificate (for products not bearing the SNI marking, the Certificate of Quality constitutes an obligatory document for each Notification of Export Goods.) If these prerequisites are not met, the product may be sanctioned with prohibition for export. Health certificates are issued as required.

IV. HARMONIZATION

Harmonization in order to achieve an equivalency on technical standard regulations is conducted through the Sub-system of Cooperation on Standardization, as mentioned above. The success of the Indonesian agricultural sector with regard to the application of the quality management system based on the HACCP programs has been acknowledged through a kind of Mutual Recognition Arrangement with a number of importing countries, among others the European Union. In 1994, there were 155 recognized fish industries on the quality management system and by 1998, this number had risen to 175. Meanwhile, the same harmonization has been developed with Canada, based mainly on GMP (Good Manufacturing Practices).

Cooperation on standardization with international organizations, conducted through international bodies such as the Codex Alimentarius Commission (CAC), the International Organization for Standardization (ISO), the ASEAN Coordinating Committee for Standard Quality (ACCSQ), the International Laboratory Accreditation Conference (ILAC), the Asia Pacific Economic Cooperation (APEC), the ASEAN-Australia Economic Cooperation Programs (AAECP) and SPS/ASEAN, constitutes a forum for harmonizing standards and mutual recognition with a view to facilitating trade in food. With the mutual recognition system, it is expected that exported products will no longer face technical barriers at the point of entry and that they will be marketed directly, without unnecessarily complicated bureaucratic procedures.

V. REGULATORY REFORM AND HARMONIZATION TOWARDS INTERNATIONAL STANDARDS

The following is a list of “main” regulations considered under regulatory reform and harmonization. Some of them have already been notified to the WTO.

1. Government Regulation (“Peraturan Pemerintah”) No 15/1991 states that there is no standard but SNI. Subsequently, other standards, such as the Indonesian Trade Standard (SPI), the Indonesian Industrial Standard (SII) or the Indonesian Agricultural Standard (SP) have been set up; however, they are no longer applicable since the SNI, being the only harmonized standard, must be treated as the only legal standard in Indonesia.
2. Presidential Decree No 12/1991 on the establishment and implementation of SNI, and the control of that implementation. SNI has been implemented since 1 April 1994.
3. Law No 7/1994 on the Ratification of the WTO Agreement.
4. In 1996, the Government of Indonesia established the Food Act, which governs the development and provision of food, notably with regard to the following:
 - Food availability and safety, and the quality and nutrition requirements necessary to the interest of human health
 - Creating an honest and responsible trade in food
 - Maintaining a food sufficiency level which is in accordance with the needs of the community.

This regulation deals amongst others with:

- Food safety
- Food quality and nutrition
- Food labelling and advertising
- Importing and exporting food into and from Indonesia
- Responsibility of the food industry
- Food resilience
- Participation of the community

- Criminal provisions
- Submission of problems and the task of assistance.

This regulation is considered as a form of the existing food Regulation on Maximum Residue Limits (MRL). It constitutes a joint decree of the Ministers of Agriculture and of Health and is generally based on the International Standards.

5. Decree of the Minister of Agriculture No 405/96 on the Entry and Exit Points for the Media Capable of Harboring Quarantineable Fish Pests and Diseases.
6. Establishment of an Enquiry Point and Notification Authority
 - For the SPS Agreement:
Enquiry Point: Center for Agricultural Quarantine
Notification Authority: Center for Standardization and Accreditation, Agency for Agribusiness.
 - For the TBT Agreement:
Enquiry Point and Notification Authority: National Standardization Agency (BSN)

VI. CONCLUSION

1. The QA System plays an important role in ensuring the successful application of the SPS Agreement, and on international trade.
2. The role of the government, for its part, is to provide infrastructures such as a testing laboratory and a certification body for the Quality System (based on HACCP, ISO, etc.) made available to the private sector. A credible certification body has to be developed in order to enhance trade efficiency with trading partners.
3. Cooperation at government level is necessary between exporting and importing countries in order to achieve mutual recognition of credible certification bodies for the sake of efficient trade activities..
4. International bodies such as the WTO, Codex Alimentarius, IOE, IPCC, etc. shall be required to provide more technical assistance and training to strengthen the capability of testing laboratories and other certification bodies. They have also offered developing countries the necessary guidance in establishing a proper system of standardization.

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