



## Exercise 4c.1: Discussing Standards

Estimated time requirement: 20 minutes

### Introduction

Standards are an essential part of modern everyday life. They generally be defined as documents, established by consensus and approved by a recognized body, that provide rules, guidelines or characteristics for activities or their results for common and repeated use. Standards aim at the achievement of the optimum degree of order in a given context, for example with regard to resource use in manufacturing consumer products. From an economic point of view, standards offer a wide range of general advantages but can also create disadvantages if used improperly.

### Structure of exercise

Please form groups of 2-3 people and discuss the general advantages and disadvantages of standards from an economic point of view. Use the table below to capture your findings.

| Advantages   | Disadvantages   |
|--|---|
| <ul style="list-style-type: none"> <li>Standardised production enables economies of scale, thus bringing down the cost per product</li> <li>Standards can ensure high quality of products and services, thereby creating added value for customers</li> <li>Standards allow companies to sell uniform products on the global market place and capture global market segments</li> <li>Since standards are developed by experts and practitioners, they capture knowledge and lessons learnt by them</li> <li>Standards are integral to protecting consumers by ensuring product safety</li> <li>Standards fulfil an important gateway function by indicating compliance and good practice</li> </ul> | <ul style="list-style-type: none"> <li>Standards can compromise the uniqueness of products and services</li> <li>Standards can create market barriers and inhibit free trade of goods and services</li> <li>Standards can create additional costs by potentially over-regulating technical aspects in the production or product development process</li> <li>Setting up verification processes for testing the compliance with standards requires a functioning eco-system and requires monetary resources</li> <li>Standards can be difficult to understand for laymen due to their often technical nature and bulky language</li> </ul> |

How are standards relevant to RE and CE? Please provide a brief written answer.

Standards can help increase resource efficiency in the production process by minimising waste and providing guidance on manufacturing techniques. In a broader sense, standards can ensure product interoperability of products or services, for example by requiring power supplies to be standardised so that they work with a number of electrical appliances. In addition, standards can facilitate innovation towards RE and CE in the market place, e.g. by driving the need for more recyclable materials, lightweight constructions and repairable goods.