Standards Compliance Analytics

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UNIDO – the specialized agency of the UN mandated to promote inclusive and sustainable industrial development

Core functions of UNIDO

(i)   technical cooperation;

(ii)   analytical, research and policy advisory services;

(iii)   the normative function and activities related to standards and quality; and

(iv)   the convening function and partnerships.

Focus

Creating Shared Prosperity

Advancing Economic Competitiveness

Safeguarding the Environment
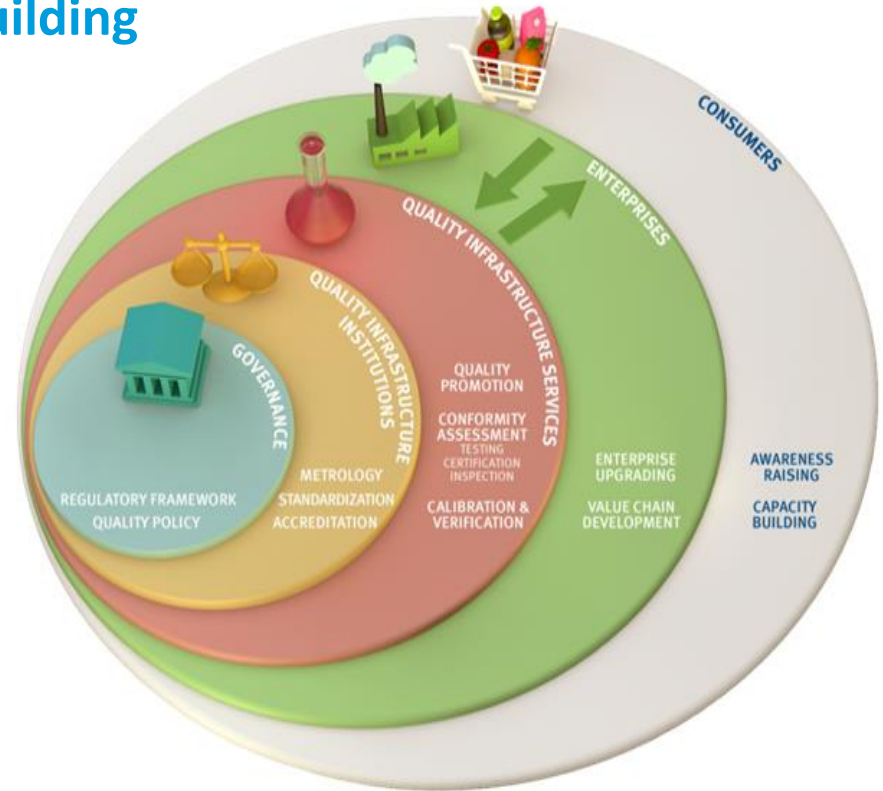
Strengthening Knowledge and Institutions

UNIDO services on Trade Capacity Building

SYSTEMIC APPROACH

DEMAND-DRIVEN

BASED ON MARKET NEEDS

Why analyzing border rejection data?

International trade of food and non-food products governed by **increasingly prevalent and continuously evolving technical regulations and standards**

Many countries face **challenges in complying with the safety and/or quality requirements** that these regulations and standards lay down

Challenge for the national governments and donors is **to allocate scarce financial and technical resources** amongst a seemingly unending array of capacity building needs

They need to **identify where most acute compliance challenges are faced**; in a trade context this means identification of the products and markets where non-compliance occur

What is the border rejection data?

- Major export markets have systems in place to test and verify compliance of imported food and non-food items with safety regulations and quality standards

- Some countries document and publish their data on rejections periodically

- Border rejection data are not reported in a harmonized form

- Rejections often have different meanings from market to market

- Essentially, they include information on:
  - Source of consignment
  - Reason for rejection
  - Product type
  - Date of rejection
  - Value/volume (not all)

- Currently 5 markets of Australia, China, EU, Japan and US are analyzed

- Next update: South Africa, Canada and the UK
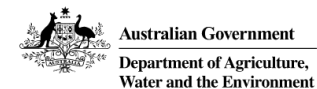
What can rejection data tell us?

- Which products are rejected
- Why they are rejected
- How frequently they are rejected
- Where they are rejected

- Specific industry compliance challenges
- Inefficiencies in QI and CABs
- Risk to market share and economic loss

- Prioritizing capacity building of quality infrastructure and conformity assessment services
- Building compliance capacity of export-oriented industries
- Building awareness and devising suitable policy response

Analyze

Identify

Act
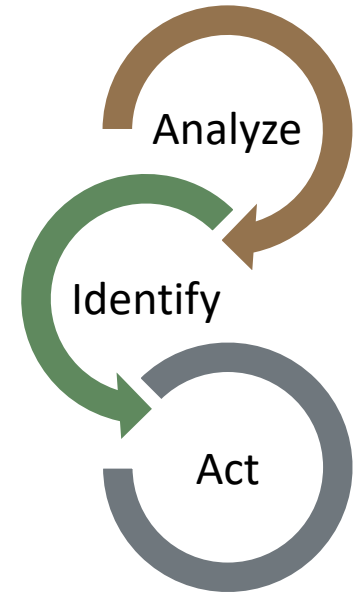
UNIDO experience with rejection analysis

Evidence on trade-related challenges and their evolution over time, in particular the area of compliance with requirements (quality, certification, labelling, etc.) set by international markets.

Trade Standards Compliance Report (TSCR) systematically examined the challenges that developing countries face about trade standards in the agri-food sector.

A key contributor to the TSCR is the analysis of rejection data.

Standards Compliance Analytics

An online platform

Explore global trends in standards compliance, challenges and exporting countries' global performance

Compare neighbours, rivals or partners performance in different markets, products, specific compliance challenge

Assess exporting countries performance in specific markets, their compliance challenge in specific products
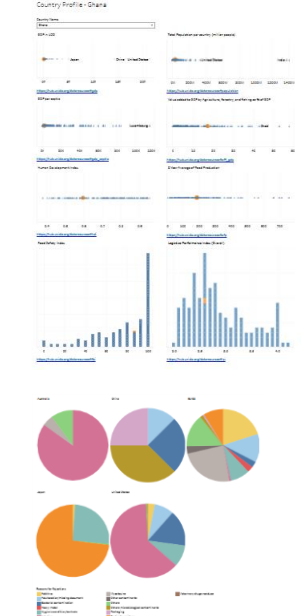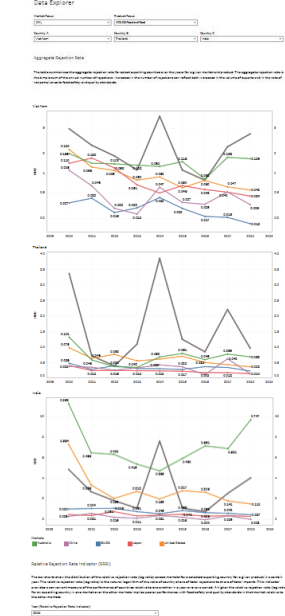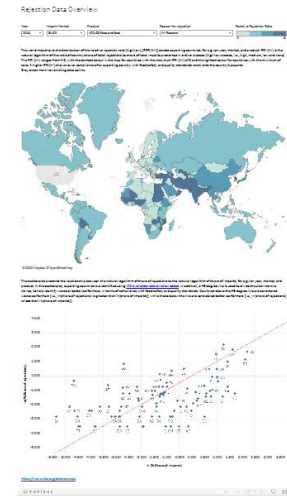
Four indexes for assessment of compliance performance

Aggregate Rejection

Unit Rejection Rate (URR)

Relative Rejection Rate (RRR)

Reason for Rejection

Indexes: Aggregate Rejection

- <u>Definition:</u> **The aggregate rejection rate is the simple sum of the annual number of rejections.**

- **The table summaries the aggregate rejection rate for selected exporting country over the years for a given product in each and all markets.**

- **Increases in the number of rejections can reflect both increases in the volume of exports and in the rate of non-compliance**
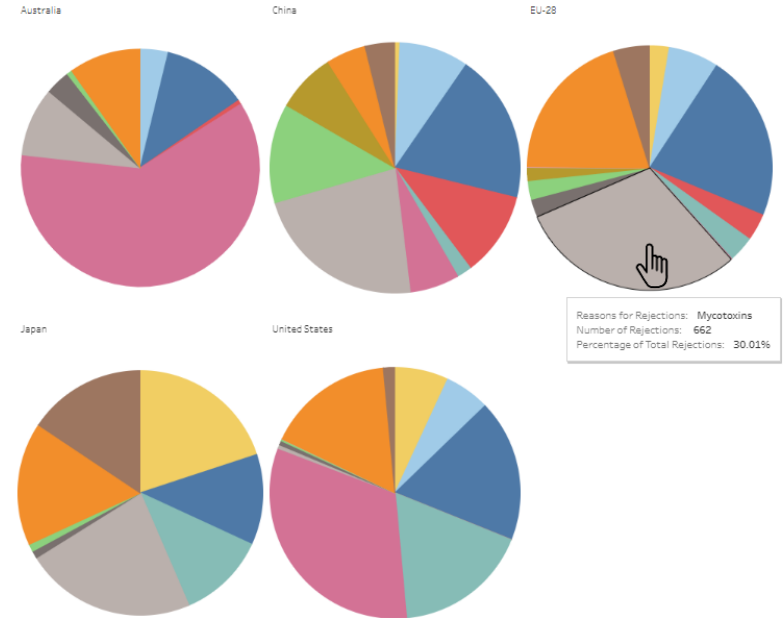
HS1-23:Food and feed

| Reporter ..	2010	2011	2012	2013	2014	2015	2016	2017	2018	Grand Total
Australia	145	97	126	91	87	105	121	138	217	1,127
China	19	48	18	10	21	14	0	22	3	155
EU-28	238	328	334	244	195	268	197	220	155	2,179
Japan	37	42	64	31	30	31	19	27	20	301
United States	1,023	825	931	952	707	862	744	677	585	7,306
Grand Total	1,462	1,340	1,473	1,328	1,040	1,280	1,081	1,084	980	11,068

Indexes: Reasons for Rejection

- **Definition:** Frequency of reasons for rejection of products exported from selected country into a given market, by product.

- **Examples of reason for rejection include:**

Additive	Mycotoxins
Adulteration/missing document	Other contaminants
Bacterial contamination	Others
Heavy metal	Others microbiological contaminants
Hygienic condition/controls	Packaging
Labeling	Pesticide residues
Veterinary drugs residues	

- **Aggregate frequency of rejections can be different from "aggregate rejection rate" as a single consignment can be rejected for multiple reasons.**

- **This indicator helps exporting countries identify areas of capacity building to attain or improve compliance capacity.**

Australia   China   EU-28

Reasons for Rejections: Mycotoxins
Number of Rejections: 662
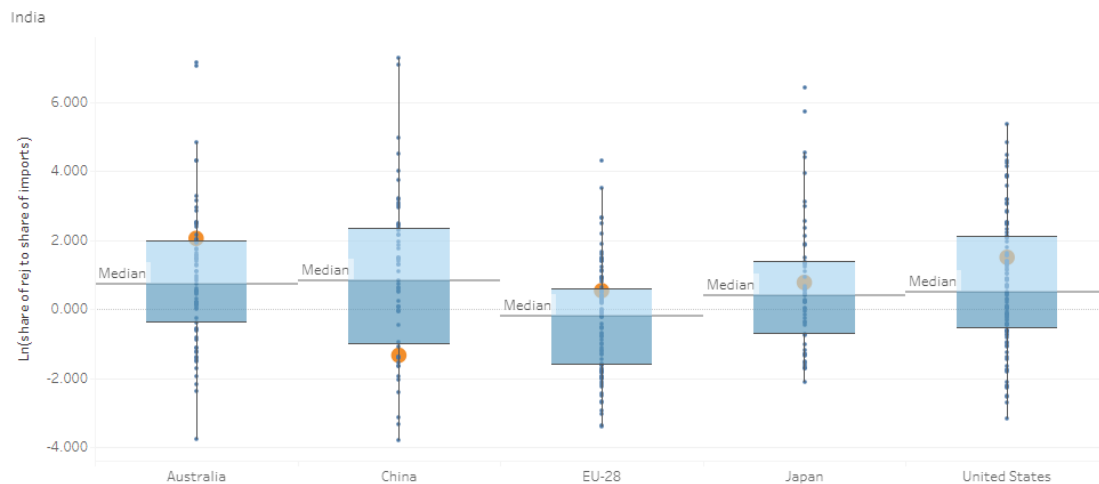Percentage of Total Rejections: 30.01%

Japan   United States

Indexes: Unit Rejection Rate (URR)

- <u>Definition:</u> The URR is the number of rejections per US$ 1 million of imports.
  - Example: URR of India's all food and feed in Australia is 0.747 in 2018 => in every million of Australia's imports of food and feed, 0.747 rejection is from India

- This indicator accounts for changes in the volume of exports such that it provides a direct measure of the rate of non-compliance.

- The chart represent the URR of a selected country over the years for a given market and product.

- The chart compares the URR of a selected country with the average URR of the WB income group where the country belongs.

- A higher unit rejection rate shows a higher rate of non-compliance of an exporting country

India

Markets
- ● Australia   ● China   ● EU-28   ● Japan   ● United States
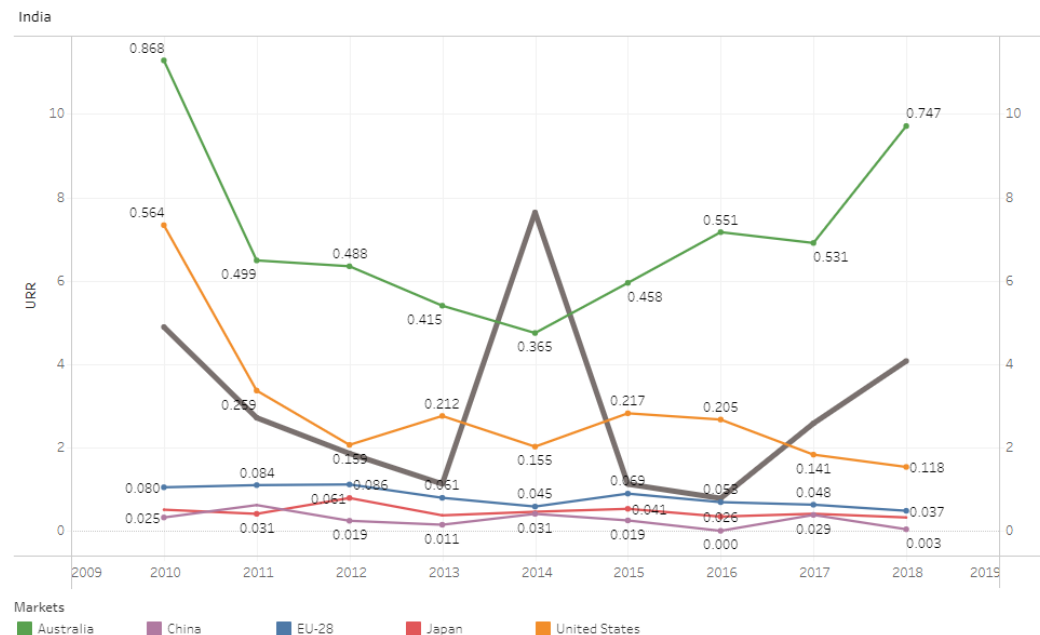
Indexes: Relative Rejection Rate (RRR)

- **Definition: The RRR is the natural logarithm of the ratio of country share of total rejections to share of total imports.**

- **This indicator provides a convenient measure of the performance of countries relative to one another in a year or over a period.**

- **The higher the RRR for a country in one market compared to other markets implies poorer performance, relative to other markets**

- **Similarly, the higher the RRR for a country in one market compared to other countries RRR in the same markets, implies poorer performance relative to other countries.**

THANK YOU!