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Cooperation on Trade Standards Compliance Analyses

Geneva 27th March 2014

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(VPC/VPC)
Inter-American Development Bank

Overview

1. The global TSC Reports and their contents

- i. Lens 1: Import rejection analysis
- ii. Lens 2: Corporate Buyer Compliance Confidence Survey
- iii. Lens 3: Trade Standards Compliance Capacity Indices (TSCCI)

2. Trade Standards Compliance Footprints (TSCFs)

3. Regionalizing the TSC Reports

- i. Regional TSC Report for East Asia
- ii. Regional TSC Report for Latin America and the Caribbean

4. Way Forward

Trade Standards Compliance Analysis and Reports

Rationale:

- Policy guidance for all development partners
- Benchmarking of compliance capacity
- Increasing aid efficiency, better ('smarter') technical assistance

Import rejection analysis: EU, USA, Japan, Australia

Export losses estimation: for all 4 markets

Quality Infrastructure (QI) survey

Corporate Buyers' Compliance Confidence survey

Emerging Issues :

TSCR 2010: FAO, ILO, IPPC, ISO, UNEP, WTO

TSCR 2014: major retailers (AEON, Mondelēz, GFSI), certification organizations (Fairtrade, MSC), NGOs (WWF, Oxfam), etc.

Regional TSCRs for Asia (with IDE-JETRO) and Latin America and the Caribbean (with Inter-American Development Bank, IDB)

TSC Footprints for Middle Income Countries

Web tool/database (with IDB)

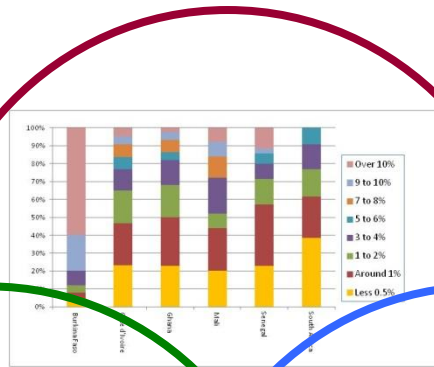


Three Lenses on Trade Standards Compliance Capacity

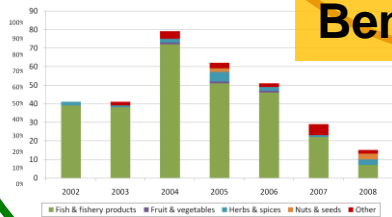
Towards a Trade Standards Compliance Observatory –
(Work in Progress)



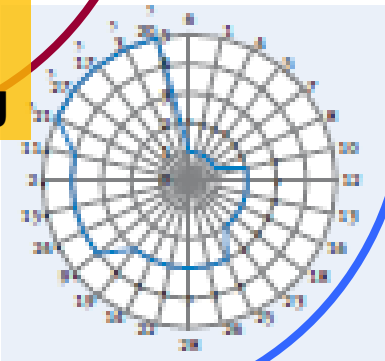
Buyer Compliance Confidence Radar
250 Global Buyers



Import Rejection Analysis
Major markets:
EU, US, Japan, Australia



Quality Infrastructure Performance Survey
49 Countries



Lens 1: Import Rejection Data as a Measure of Compliance Performance

- Concern that **developing countries struggle in complying** with food safety and quality requirements in industrialised country markets
- Non-compliance can **result in rejection** of products/shipments by public authorities in the importing country
- Such import rejection data, thus, present one **indicator of compliance challenges** faced by agri-food exporters to international markets
- Import rejections give indications on 1) the scale and root causes of compliance challenges of developing countries, and 2) their capacity to comply with technical regulations in certain markets or sectors
- UNIDO analyses rejection data from **4 export markets**:
 - European Union, United States, Japan, Australia
- Different monitoring systems (by different public authorities) are not easily comparable and compatible across markets – requires **harmonization** of datasets
- Various factors can influence level of rejections:
 - Not only compliance capacity (which is of particular interest here) but also
 - Level of exports and Frequency of inspection by importing country authority
 - Composition of the exports (high risk products are more affected by inspections)

Import Rejection Data – Summary Indicators

Indicators	Description
Number of rejections	Simple sum of number of rejections
Unit rejection rate	Number of rejections per US\$1 million of imports
Relative rejection rate	Ratio of a country's share in total rejections to its share of imports

Key Findings of Import Rejection Analysis (1)

- **Patterns and trends in agrifood rejections** of developing country exports reveal which countries, products and value chains are most affected by compliance challenges – and for what **reasons**.
- Bulk of rejections affects a relatively small number of countries – among them many MICs.
- Some countries have high rejection rates in all markets for all or most of the commodities they export, suggesting **systemic deficiencies** and the need to strengthen their overall quality infrastructure (QI). Examples include Bangladesh, China, the Dominican Republic, Egypt, Ghana, India, Lebanon, Nigeria, Pakistan and Sri Lanka.
- Other countries face substantial import rejections in particular markets or commodities, suggesting **export market-specific** or **commodity-specific** (rather than systemic) **compliance challenges** – indicating the need for a critical examination of specific value chains and/or the introduction of specific food safety controls .
- Countries with substantial import rejections in particular markets, indicating challenges to comply with technical regulations in **specific export markets**, include El Salvador and Senegal in the US market, Thailand and Turkey in the EU, the Fijis in the Australian market, and Peru in the Japanese market.
- Examples of **commodity-specific compliance challenges** include fishery exports from Indonesia and the Philippines, fruit and vegetable exports from Hong Kong (China), nuts and seed exports from Iran (particularly to the EU), and fruit and vegetable as well as fishery exports from Viet Nam.

Key Findings of Import Rejection Analysis (2)

➤ Import rejections imply **foregone revenues** for the supplier of the shipment. The “**export losses**” associated with rejections of agri-food imports across 4 sub-sectors analyzed by UNIDO (i.e. fisheries, fruits and vegetables, herbs and spices, nuts and edible seeds) are estimated to amount to an **annual average** (between 2006 and 2010) of:

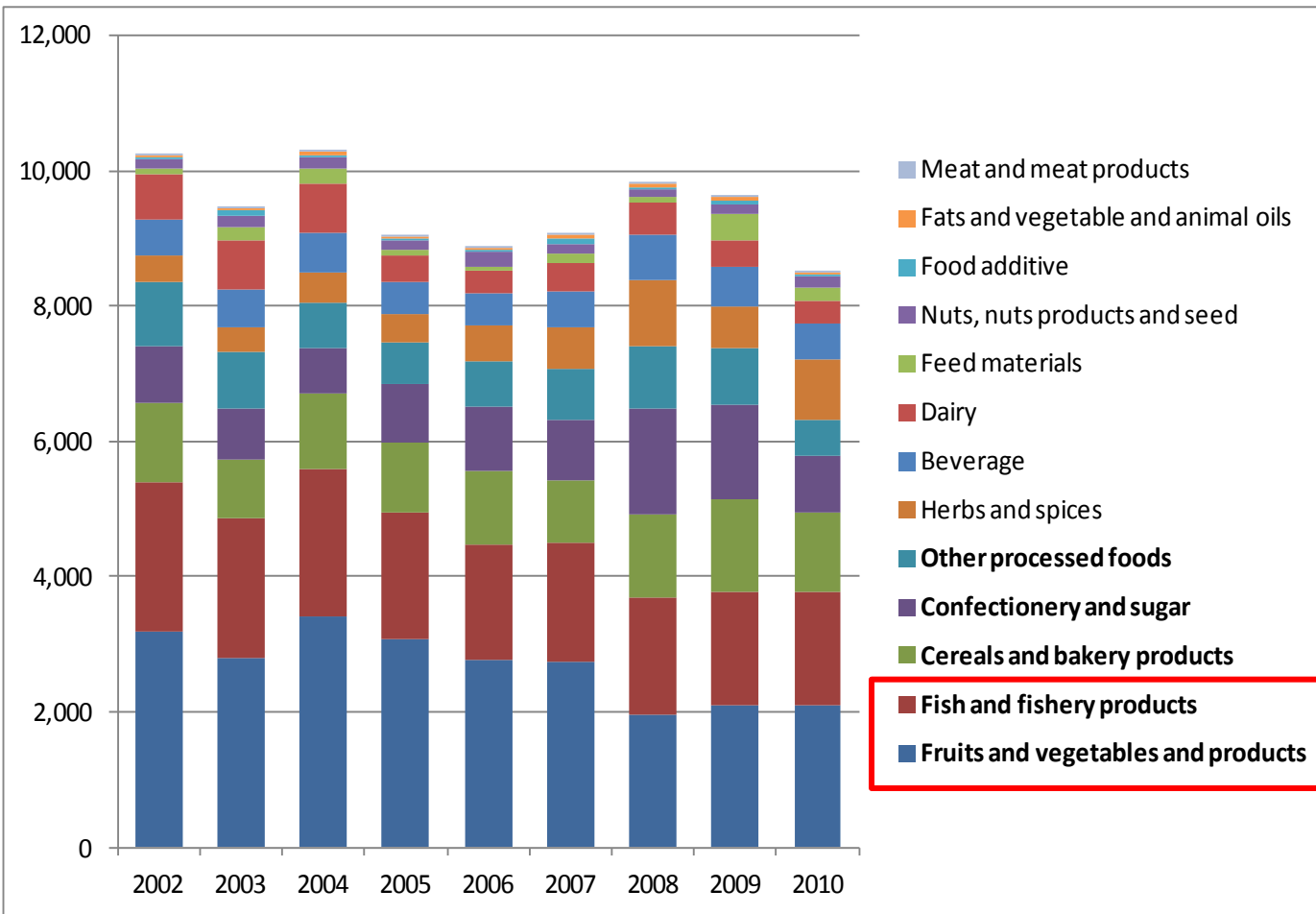
- US\$80 million in the US market,
- US\$77 million in the EU,
- US\$14 million in Japan, and
- US\$7 million in Australia.

**Total Import Border Rejections
2006 to 2010 (4 markets):**

Approx. US\$ 890 million

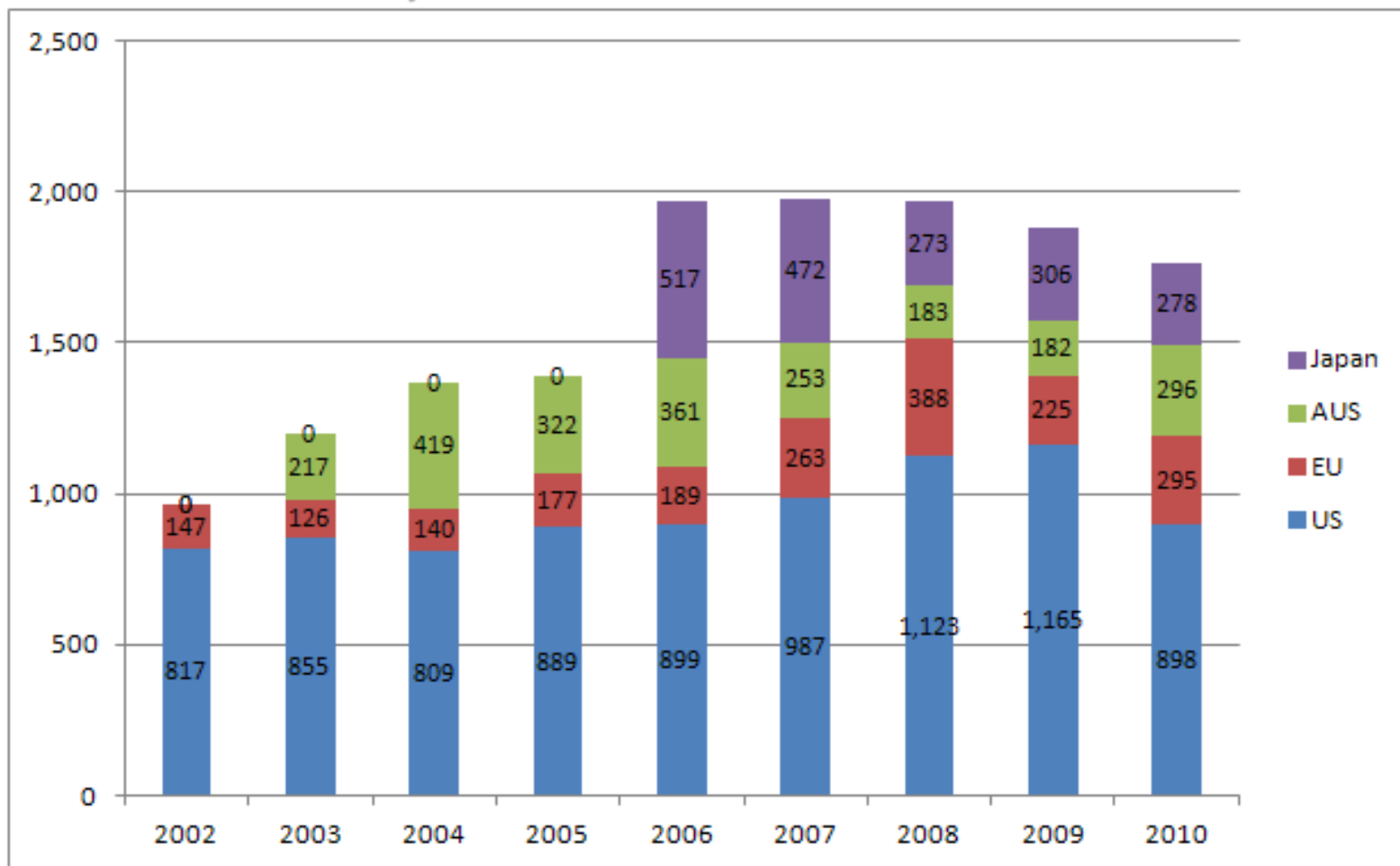
- “Export losses” are relatively small, as a proportion of the total value of trade. However, it is important to recognize that they only represent the “**tip of the iceberg**” in terms of the economic costs associated with the compliance problems of developing countries.
- Import rejections not only have an immediate impact (interrupted trade flows, foregone export revenues) but might also harm the country’s reputation as exporter. These **reputational costs** of non-compliance can be far more significant and even curtail exports altogether, either because market access is restricted (e.g. by import bans) or because exporters are perturbed by the risk of facing rejections.

Composition of ALL US import rejections and estimate of average annual value of rejections (“export losses”)

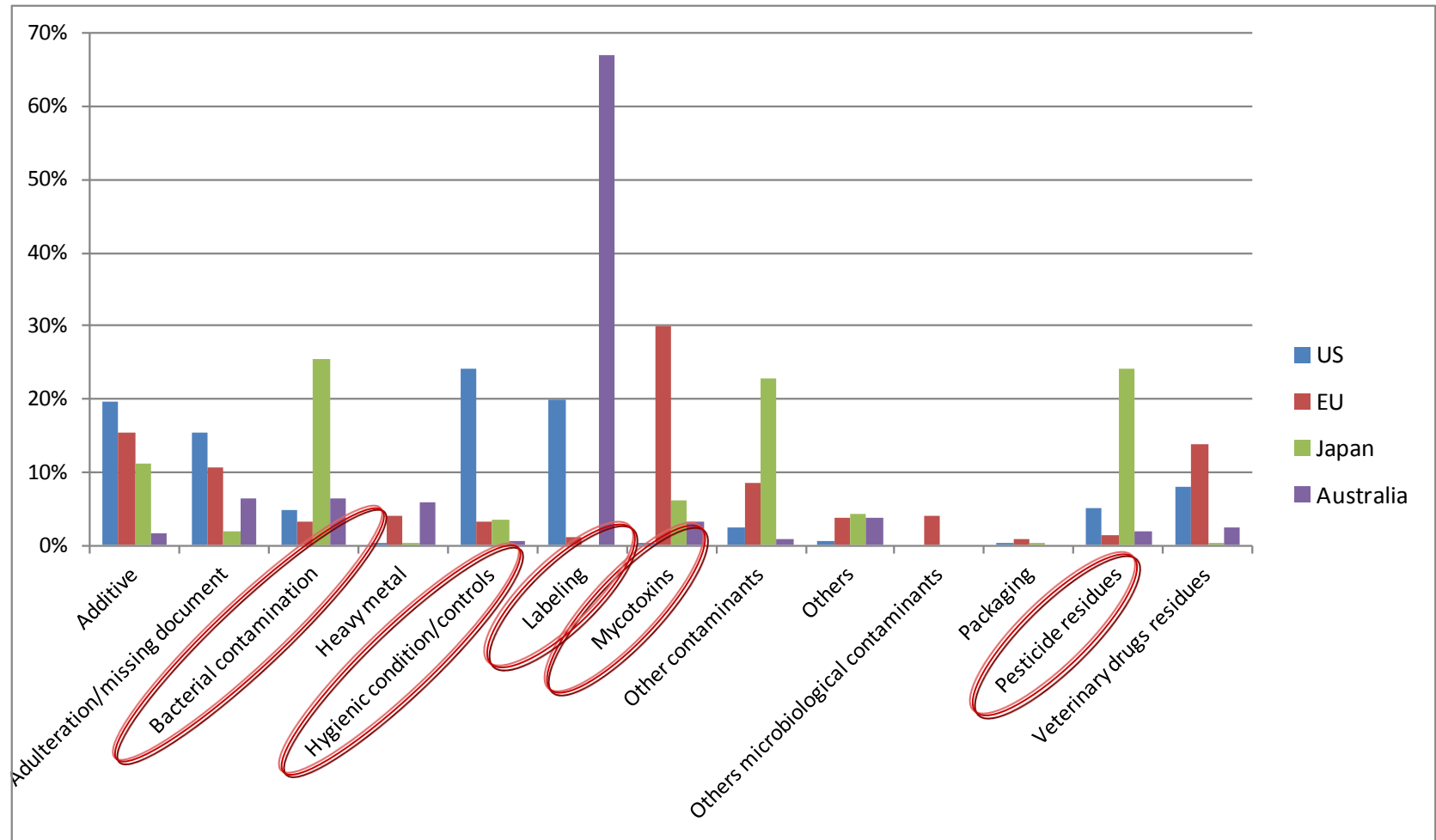


On average, every year the US rejects agri-food import products worth over US\$ 81.3 million

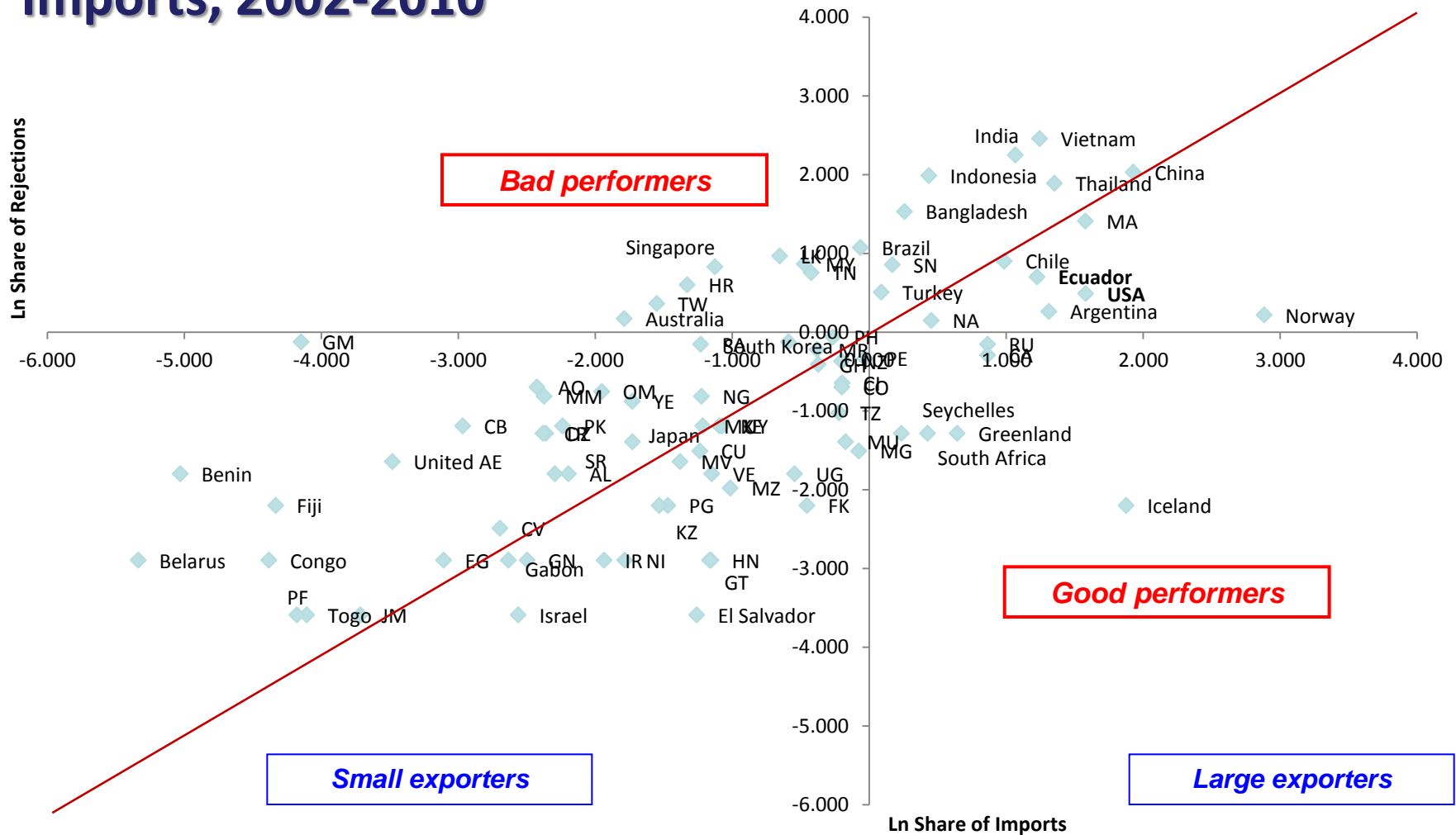
Exporting country perspective: Import rejections of **Chinese Agri-Food Products**, 2002-2010



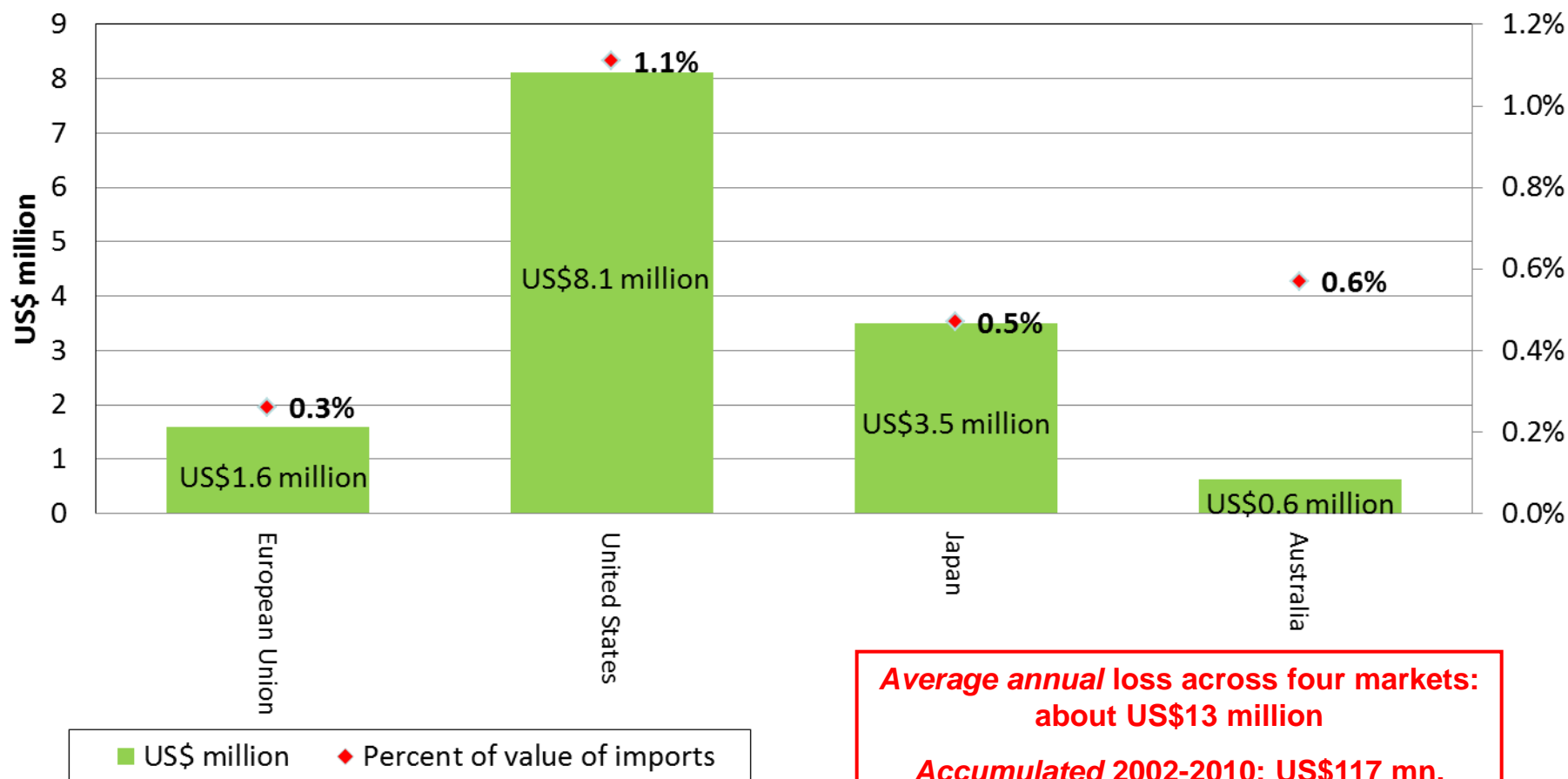
Reasons: Why are **Agri-Food** Products from **China** Rejected?



Relative Rejection Rate: For EU Fish and Fishery Product Imports, 2002-2010



Country-Level Estimates of “Export Losses”: Average Annual Value of **Vietnamese Fish** and Fishery Product Rejections

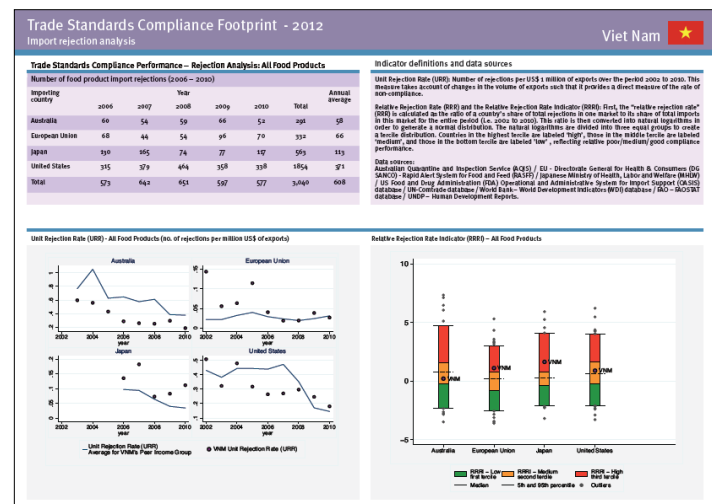


Trade Standards Compliance Footprints (TSCFs)

Purpose & objectives of TSCFs:

- Country fact sheets for 48 Middle Income Countries (MIC)
- Based on import rejection data
- Provide a snapshot on selected countries' challenges to comply with export market requirements in agri-food trade
- Allow for benchmarking of compliance capacity
- Target policy makers
- simple decision-making support tool to guide and inform their priorities-setting for trade capacity-building

<http://unido.org/tscfootprints/>





HIGH-LEVEL CONFERENCE OF MIDDLE-INCOME COUNTRIES

Networks for Prosperity



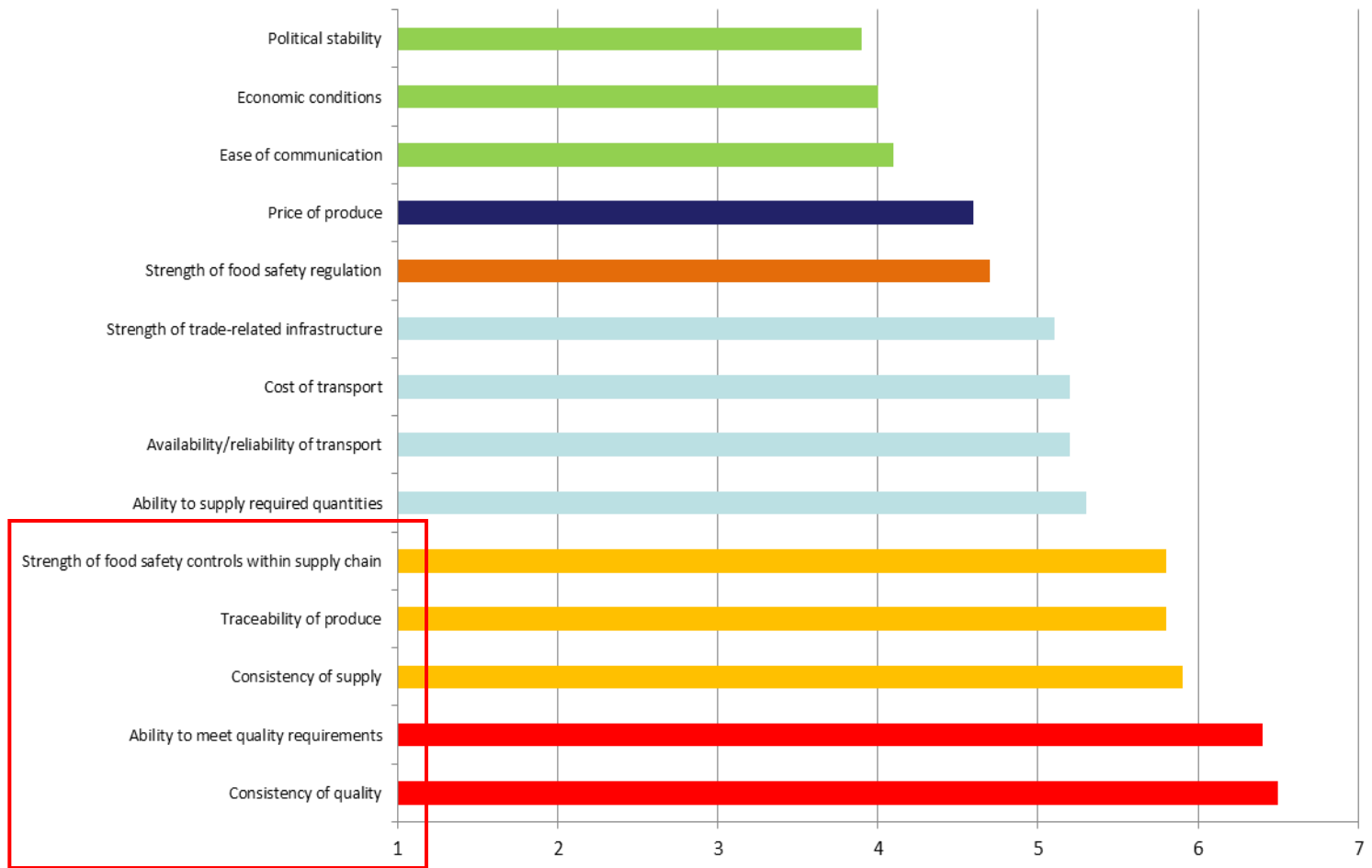
**12-14 June 2013,
San José, Costa Rica**



Lens 2: Corporate Buyer Compliance Confidence Survey

- Aim is to get from buying/importing companies their **perceptions on and assessment of compliance capacity and performance** of exporting developing countries
- Provides another indicator of compliance problems faced by developing countries in export markets for key agri-food exports
- Complements analysis of rejection data by covering:
 - Official requirements not enforced through border inspections
 - Private standards
 - Where trade does not take place
- **Positions food safety compliance in context of other factors** influencing export performance
- Survey undertaken among corporate buyers in export markets such as the European Union, United States, Japan, Australia and Canada for:
 - Fish and fishery products (n=159)
 - Fresh fruit and vegetables (n=196)
- Buyers asked for their assessment of compliance capacity of selected pilot countries:
 - ECOWAS + Mauritania
 - South Africa

Importance of Factors in Choice of Where to Source Fresh Fruit and Vegetables

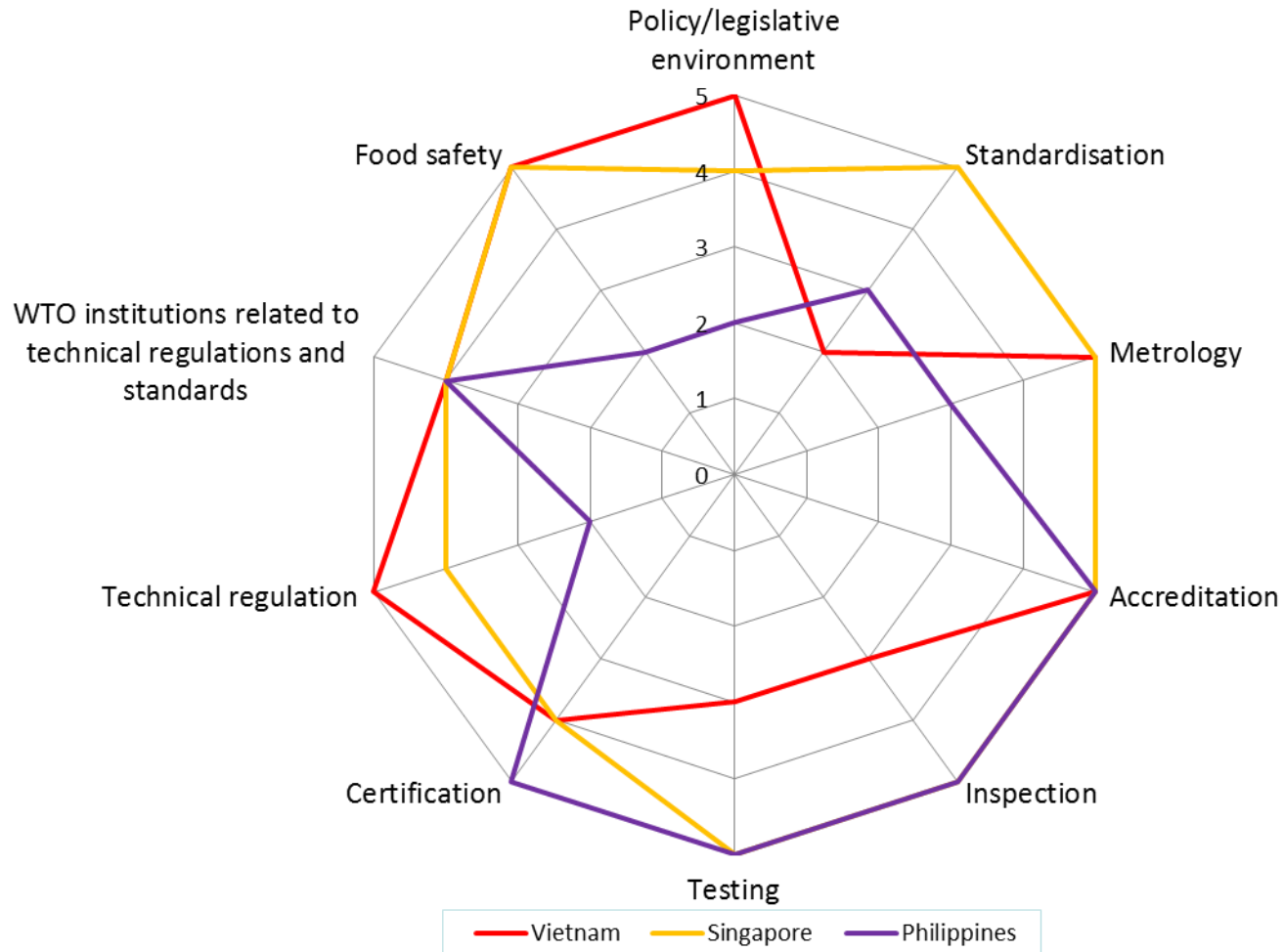


Scale:
 1 = not important
 7 = very important

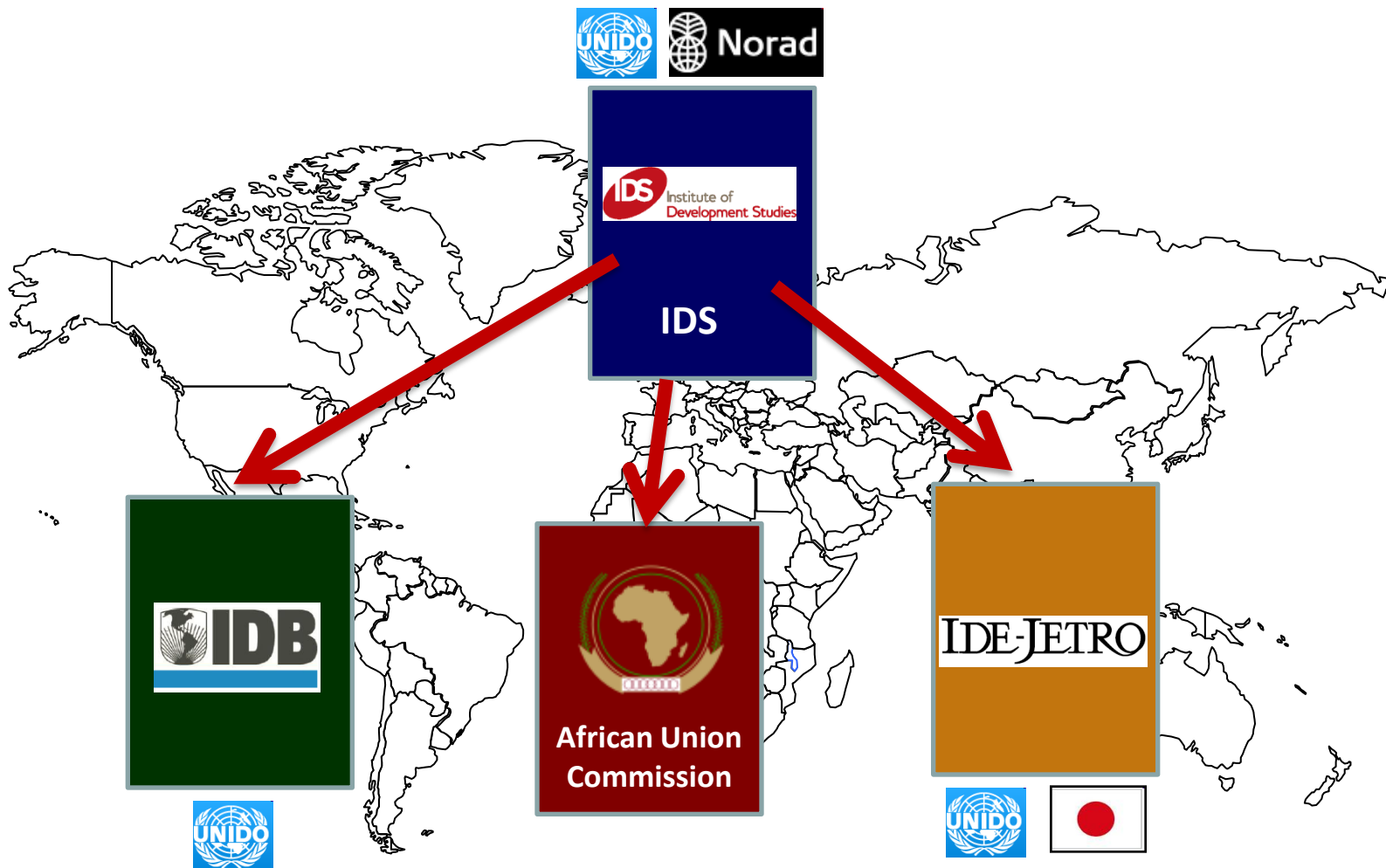
Lens 3: Trade Standards Compliance Capacity Indices (TSCCI)

- Get **country self-assessment about capacity/performance of its Quality Infrastructure (QI)** and related services
- Provide **measure of relative capacity in 10 key QI areas** / compliance functions:
 - Quality policy/legislative environment
 - Standardisation
 - Technical regulations
 - Metrology
 - Accreditation
 - Inspection
 - Testing
 - Certification
 - Food safety
 - WTO- related institutions respective to technical regulations/standards
- For each capacity function, an index is developed
- Each index consists of indicators of the underlying ‘assets’
- Data collected through QI survey with responses from 49 countries in Africa and Asia

Array of Compliance Capacity in Vietnam, Philippines & Singapore



Regionalizing the TSC Report: 2014 ++



Regionalizing the TSC Analyses and Reports (1)

First Regional TSC Report for East Asia published jointly with IDE-JETRO

- Complement global TSC Reports
- Detailed analyses of rejections of agri-food exports of East Asian countries
- **In-depth case studies** on trade standards compliance challenges along selected **priority agri-food value chains in China and Vietnam**
- Tailored policy recommendations and decision-making support



Conclusions

- Import rejections represent only the **‘tip of the iceberg’**
- ‘Export losses’ while often relatively small, indicate **reputational risk**
- **Total export losses four markets 2006 to 2010: US\$ 890 million.**
- 3 lenses are important: Rejection analysis, buyer perception surveys and QI performance assessment: “TSC Observatory”
- Global TSC Observatory work can be complemented with **more in-depth regional and national analyses**
- In-depth **value chain studies** can indicate how to improve compliance performance → importance of regional reports
 - IDE-JETRO: East Asia
 - IDB: LAC

Way Forward

- Complete **2014 global TSC Report**
- **Formalize** collaboration with **data-providing agencies** (EU DG SANCO, US FDA, Australian DAFF, Japanese MHLW)
- Anchor TSCR as **regular UNIDO publication**
- Continue **collaboration with IDE-JETRO** on next edition of TSCR for East Asia
- **Collaboration with IDB of a TSC Report for LAC**
 - Identify experts; formalize institutional partnerships for surveys
 - Start rejection analysis and implementation of surveys
- **Improvement web tool on import refusals (IntradeBID)** and availability of the tool/mirroring on UNIDO's website
 - Support finalization of programming work at the IADB's end
 - Complete programming work at UNIDO's end

Regionalizing the TSC Analyses and Reports (2)

Regional TSC Report for Latin America and the Caribbean to be published jointly with the IDB

Draft Table of Contents:

1. **Import rejection analysis** (for key international export markets such as the EU, the US, Japan, and Australia and – if data becomes available – also for regional markets like Brazil or Chile)
2. **Rejection analysis case stories** presenting highlights of and based on an in-depth analysis of rejection data (e.g. on a specific country or compliance issue)
3. **Quality Infrastructure capacity** and Trade Standards Compliance Capacity Indices (TSCCI) based on a QI survey among QI institutions in the region
4. **Corporate Buyers' Compliance Confidence** assessment through a “buyer survey”
5. **In-depth case studies** of compliance issues along selected agrifood value chains in LAC



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BID Banco Interamericano de Desarrollo

English

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Medidas Sanitarias y Fitosanitarias (MSF)

Esta sección comprende las principales variables comerciales relacionadas con el acceso preferencial de las mercancías, entre ellas los aranceles aplicados, las reglas de origen, los contingentes, las medidas sanitarias, y otros regímenes especiales.

Inicio > Acceso a Mercados > Medidas Sanitarias y Fitosanitarias (MSF) > Exportaciones Regionales Rechazadas

MSF en los Acuerdos Comerciales

Preocupaciones Comerciales Específicas

Exportaciones Regionales Rechazadas

Estándares Privados

Requisitos para Exportar

Búsqueda de Exportaciones Rechazadas

Estadísticas Metodología

Seleccione país origen: Honduras

Seleccione país destino: Estados Unidos

Seleccione producto: Bebidas (64)

Buscar

Statistics

United States

European Union

United Kingdom

This Database benefits from collaboration with the United Nations Industrial Development Organization (UNIDO) in the collection and analysis of border rejection information. See the [UNIDO Website](#) for additional information.

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Online import rejection database

Jointly with the Inter-American Development Bank (IDB)

Result/Rejected Exports

Destination	Origin	Date	Company	Product	Code	Subject	Explanation	Doc
United States*	Macao, China	1-12	Peter'S Petfood & Treats Ltd.	POP CORN CHEWS ASSORTMENT	COLOR LBLG, UNSAFE COL	Labeling, Additive	The article appears to contain an artificial coloring and it fails to bear labeling stating that fact.; The article appears to be, or to bear or contain a color additive which is unsafe within the meaning of Section 721(a).	
United States*	Macao, China	1-12	Peter'S Petfood & Treats Ltd.	ASSORTED CHEW	COLOR LBLG, UNSAFE COL	Labeling, Additive	The article appears to contain an artificial coloring and it fails to bear labeling stating that fact.; The article appears to be, or to bear or contain a color additive which is unsafe within the meaning of Section 721(a).	
United States*	Macao, China	1-12	Peter'S Petfood & Treats Ltd.	ASSORTED CHEW	COLOR LBLG, UNSAFE COL	Labeling, Additive	The article appears to contain an artificial coloring and it fails to bear labeling stating that fact.; The article appears to be, or to bear or contain a color additive which is unsafe within the meaning of Section 721(a).	
United States*	Macao, China	1-12	Peter'S Petfood & Treats Ltd.	TREAT BALLS	COLOR LBLG, UNSAFE COL	Labeling, Additive	The article appears to contain an artificial coloring and it fails to bear labeling stating that fact.; The article appears to be, or to bear or contain a color additive which is unsafe within the meaning of Section 721(a).	
United States*	Macao, China	1-12	Peter'S Petfood & Treats Ltd.	COCONUT CHEWS	COLOR LBLG, UNSAFE COL	Labeling, Additive	The article appears to contain an artificial coloring and it fails to bear labeling stating that fact.; The article appears to be, or to bear or contain a color additive which is unsafe within the meaning of Section 721(a).	
United States*	Macao, China	10-11	Peter'S Petfood & Treats Ltd.	POP CORN CHEWS ASSORTMENT	COLOR LBLG, UNSAFE COL	Labeling, Additive	The article appears to contain an artificial coloring and it fails to bear labeling stating that fact.; The article appears to be, or to bear or contain a color additive which is unsafe within the meaning of Section 721(a).	
United States*	Macao, China	10-10	Agencia Comercial Sincere	DRIED PUMPKIN SEEDS	UNSAFE COL	Additive	The article appears to be, or to bear or contain a color additive which is unsafe within the meaning of Section 721(a).	

Show rows: 30 Go to 1 of 1

n/a: not available

Requirements to export this product to European Communities Search

Applicable Private Standards

This Database benefits from collaboration with the United Nations Industrial Development Organization (UNIDO). Visit the [UNIDO Website](#) for additional information.

UNIDO IDB

INTradeBID | Market Access

This section comprises the main trade variables related to the preferential access of goods, such as tariffs, rules of origin, sanitary measures, quotas, and other special regimes.



[INTradeBID](#)

[Rules of Origin, Tariff Reduction, Quotas, and TPL](#)

[SPS](#)

Sanitary and Phytosanitary Measures (SPS)

[SPS Home](#)

[SPS in Trade Agreements](#)

[Specific Trade Concerns](#)

[Rejected Exports](#)

[Private Standards](#)

[Requirements to Export](#)

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INTradeBID | Market Access

This section comprises the main trade variables related to the preferential access of goods, such as tariffs, rules of origin, sanitary measures, quotas, and other special regimes.



- INTradeBID
- Rules of Origin, Tariff Reduction, Quotas, and TPL
- SPS

Sanitary and Phytosanitary Measures (SPS)

- SPS Home
- SPS in Trade Agreements
- Specific Trade Concerns
- Rejected Exports
- Private Standards
- Requirements to Export
- Materials

Search Rejected Exports

Select country of origin

Brazil

Select country of destination

UNITED STATES

Select product

Search



Indicators



Methodology

Statistics



Result/Rejected Exports

Destination	Origin	Date	Company	Product	Code	Subject	Explanation
United States *	Brazil	3-12	Netuno Alimentos S/a	FROZEN LOBSTER TAILS SIZE 5 OZ	SALMONELLA	Bacteria	The article appears to contain Salmonella, a poisonous substance which may render it injurious to health.
United States *	Brazil	3-12	Netuno Alimentos S/a	FROZEN LOBSTER TAILS SIZE 5 OZ	SALMONELLA	Bacteria	The article appears to contain Salmonella, a poisonous substance which may render it injurious to health.
United States *	Brazil	3-12	Netuno Alimentos S/a	FROZEN LOBSTER TAILS SIZE 7 OZ	SALMONELLA	Bacteria	The article appears to contain Salmonella, a poisonous substance which may render it injurious to health.
United States *	Brazil	3-12	Netuno Alimentos S/a	FROZEN LOBSTER TAILS SIZE 7 OZ	SALMONELLA	Bacteria	The article appears to contain Salmonella, a poisonous substance which may render it injurious to health.
United States *	Brazil	3-12	Ipesca - Industria de Friose Pesca S.A.	FROZEN ROCK LOBSTER TAILS SIZE 9	SALMONELLA	Bacteria	The article appears to contain Salmonella, a poisonous substance which may render it injurious to health.
United States *	Brazil	3-12	Toffano Produtos Alimenticios LTDA	CHEWY CANDIES 4 G, FORTGURT	COLOR LBLG, COLOR LBLG, UNSAFE COL, UNSAFE COL	Labeling, Additive	The article appears to contain an artificial coloring and it fails to bear labeling stating that fact.; The article appears to contain an artificial coloring and it fails to bear labeling stating that fact.; The article appears to be, or to bear or contain a color additive which is unsafe within the meaning of Section 721(a).; The article appears to be, or to bear or contain a color additive which is unsafe within the meaning of Section 721(a).
United States *	Brazil	3-12	ICAPEL - Icapui Pesca Ltda	FROZEN ROCK LOBSTER TAILS OTHER	FILTHY	Hygienic Condition/controls	The article appears to consist of a filthy, putrid, or decomposed substance or be otherwise unfit for food.
United States *	Brazil	3-12	ICAPEL - Icapui Pesca Ltda	FROZEN ROCK LOBSTER TAILS OTHER	FILTHY	Hygienic Condition/controls	The article appears to consist of a filthy, putrid, or decomposed substance or be otherwise unfit for food.

Information provided by the search query

Indicators

This indicator gives the number of shipments from Latin America and the Caribbean that were rejected by the U.S. FDA by product category (see Advanced Selection to modify these parameters).

- Other Trade Indicators
 - Rules of Origin
 - Infrastructure
 - Border Rejections for Sanitary/Phytosanitary (SPS) violations
 - Rejections by Country of Origin
 - Rejections by Destination Country
 - Rejections by Product
 - Rejections by Cause

Quick View

- Guatemala
- Guyana
- Haiti
- Honduras
- Jamaica
- Mexico
- Nicaragua
- Panama

Export To Excel

Rejections by Product

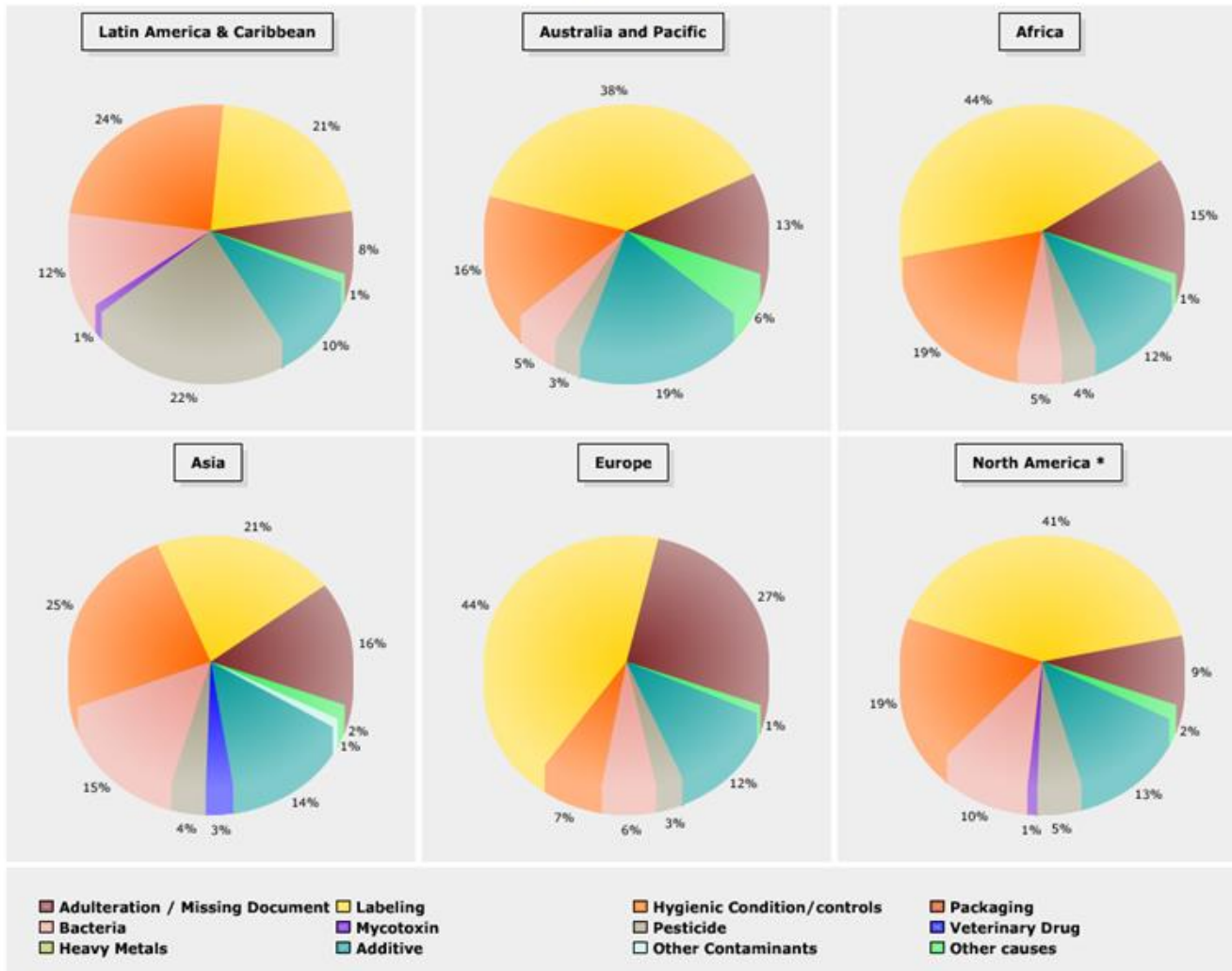
Mexico

Use the horizontal and vertical scroll bars to display all the table data.

Product	2003	2004	2005	2006	2007	2008	2009	2010	2011
Feed materials	5	9	10	0	4	2	7	17	19
Other processed foods	177	44	30	30	39	11	41	44	44
Sauces, condiments, and seasonings	31	18	40	29	63	41	79	56	41
Vegetables and vegetable products	439	679	844	499	489	230	268	397	364
Meat and meat products	0	0	0	1	0	2	0	9	0
Herbs and spices	13	38	25	16	37	432	34	30	35

Statistics available

World Share of US FDA Import Rejections, by Cause 2002-Present





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Thank you for your attention!

INTradeBID:
<http://www.iadb.org/int>

Further reading...

UNIDO and IDE-JETRO (2013): "Meeting Standards – Winning Markets. East Asian Trade Standards Compliance Report 2013".

UNIDO (2010): "Meeting Standards – Winning Markets. Trade Standards Compliance Report 2010".

UNIDO (forthcoming): "Meeting Standards – Winning Markets. Trade Standards Compliance Report 2014".

www.unido.org/tradestandardscompliance