UNIDO's Trade Standards Compliance Analyses and Reports

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UNIDO – UN Specialized Agency with three thematic areas

Trade Standards Compliance Analysis

Rationale:

- Policy guidance for all development partners
- More transparency on trade standards challenges
- 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 Buyer Compliance Confidence survey

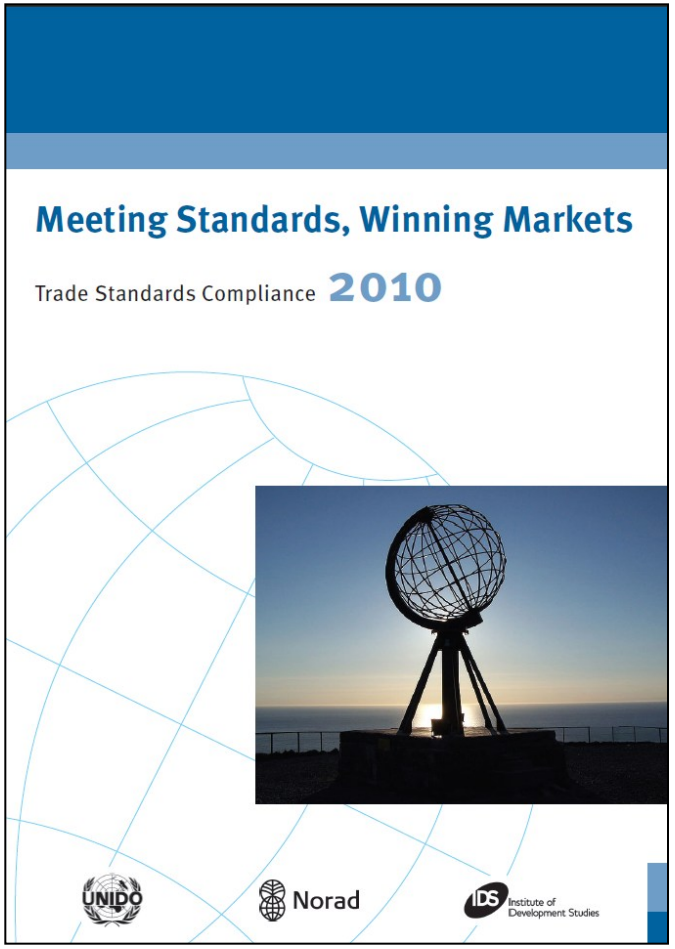
Emerging Issues :

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

TSCR 2013: 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)

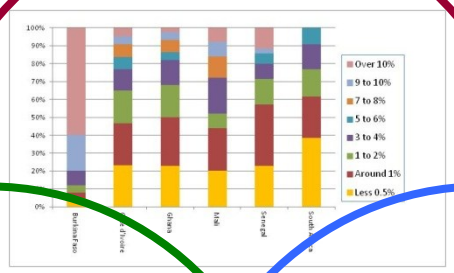
Web tool/database (with IDB), incl. TSC Footprints



The Trade Standards Compliance Observatory

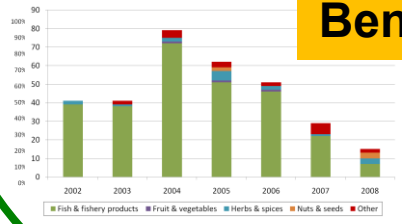
Benchmarking Trade Standards Compliance –
(Work in Progress)

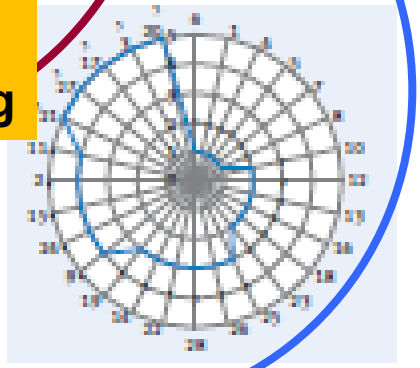
Buyer Compliance Confidence Radar
250 Global Buyers



Trade Standards Compliance Benchmarking

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





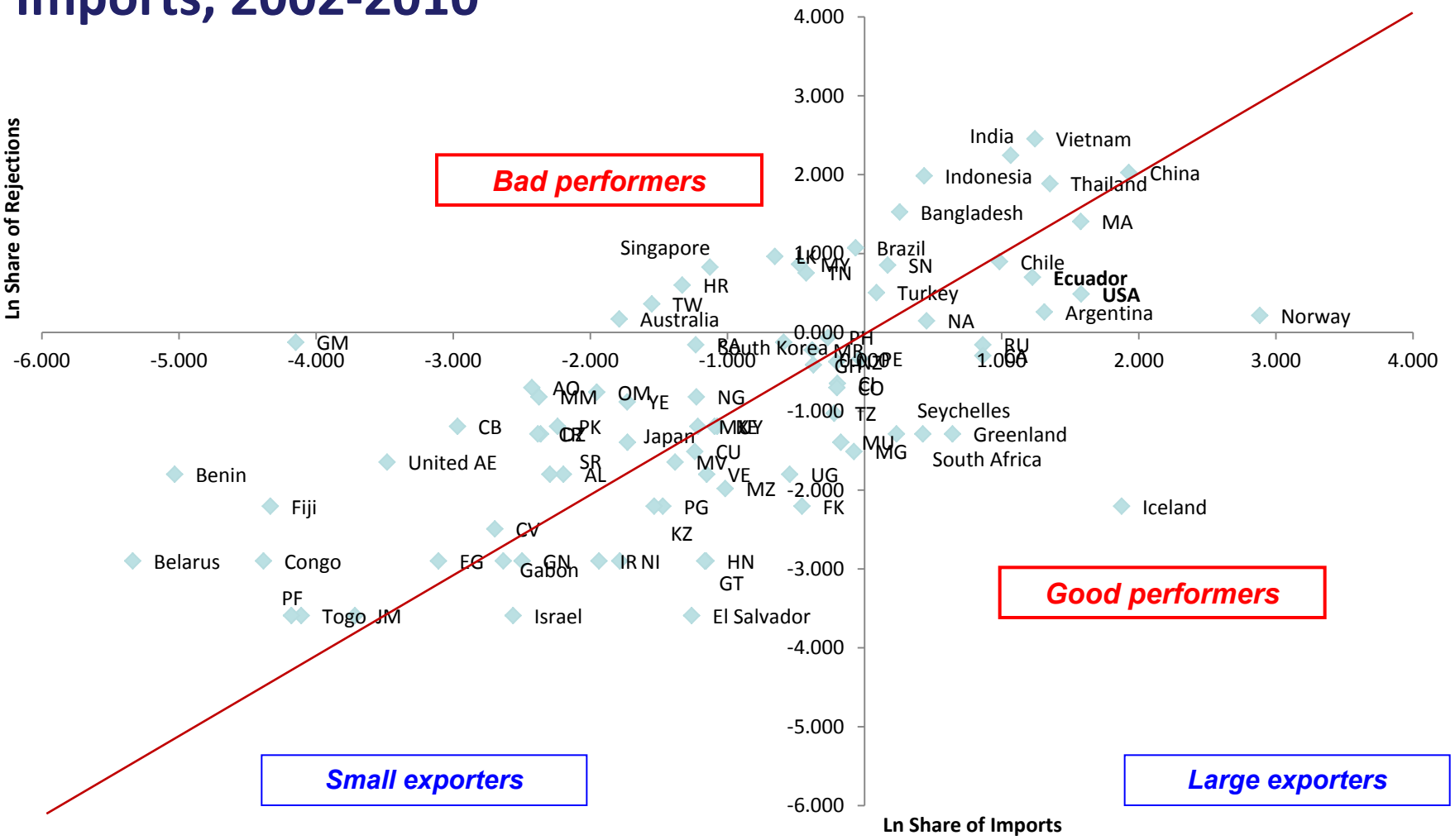
Quality Infrastructure Performance
Survey

49 Countries

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

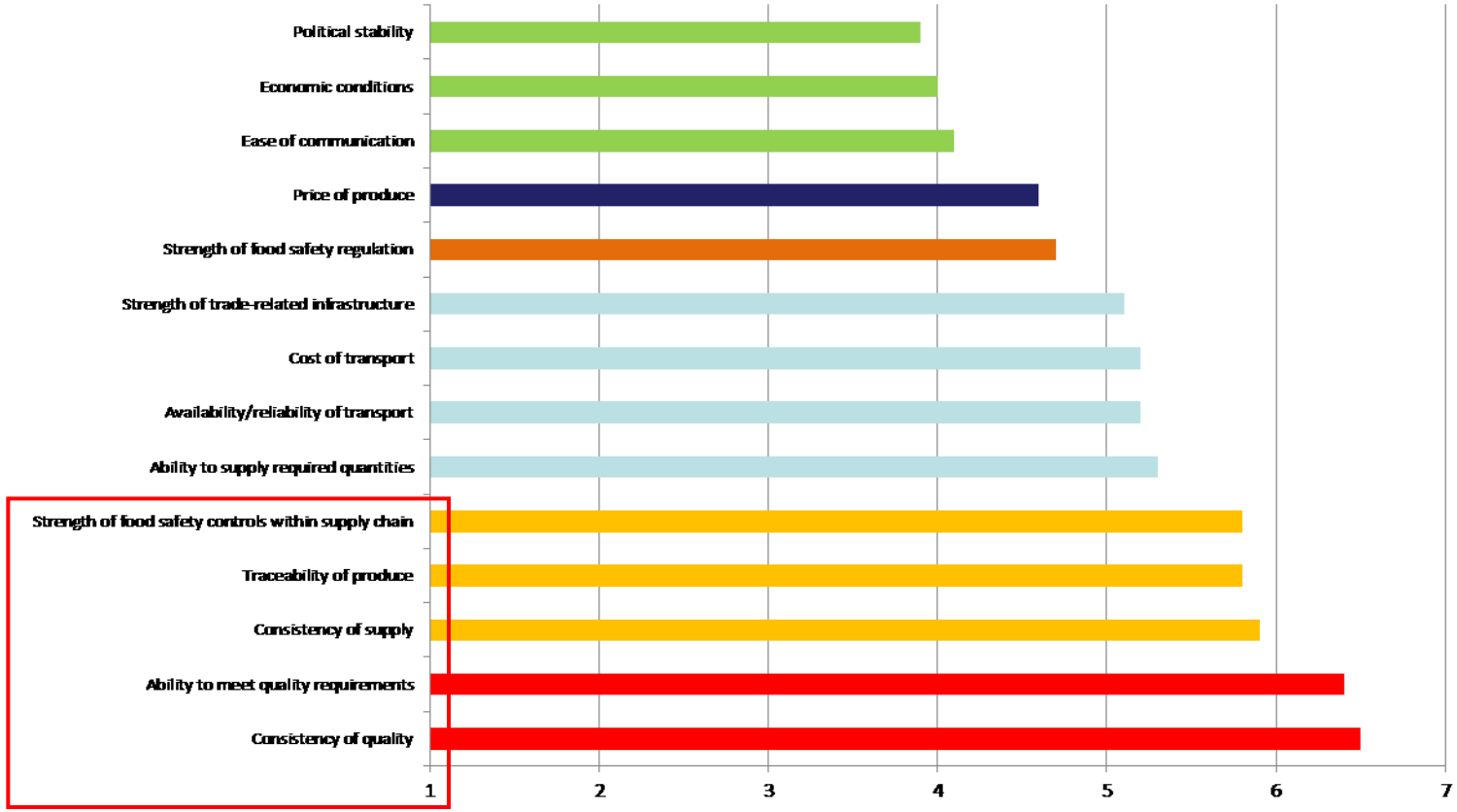
- Analysis of import rejection data for: EU, United States, Japan, Australia
- Different monitoring systems (as applied by different public authorities) are not easily comparable and compatible across markets – which requires harmonization of datasets
- **Key findings**:
  - **Patterns and trends in rejections** of developing country exports reveal which countries, products and value chains are most affected by compliance challenges – and for what **reasons**.
  - 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).
  - Some countries face substantial import rejections in particular markets or commodities, suggesting **export market-specific** or **commodity-specific** (rather than systemic) **compliance challenges**.
  - 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** 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.

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



Lens 2: Corporate Buyer Compliance Confidence Survey

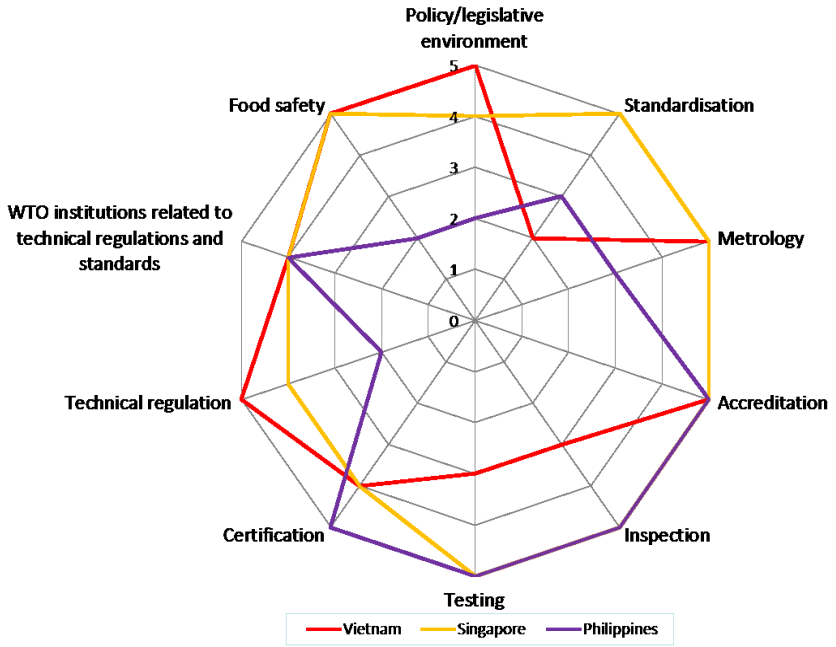
- Aim is to get from buying/importing companies their perceptions on and assessment of compliance capacity and performance of exporting developing countries



Scale:
1 = not important
7 = very important

Lens 3: Trade Standards Compliance Capacity Indices

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

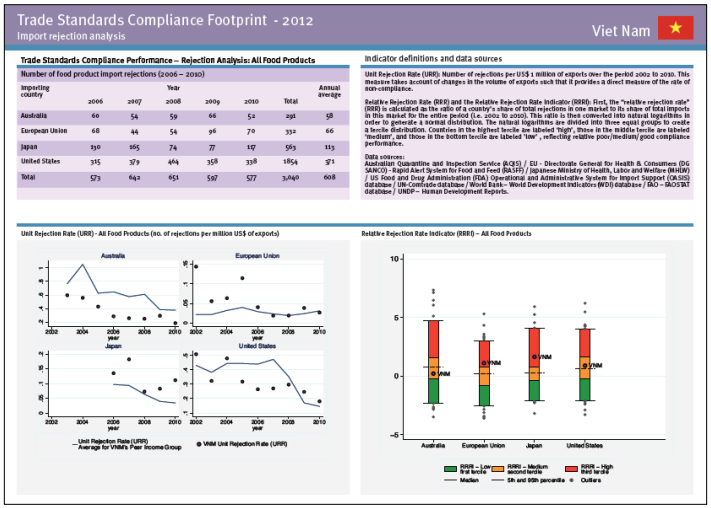


Trade Standards Compliance Footprints (TSCFs)

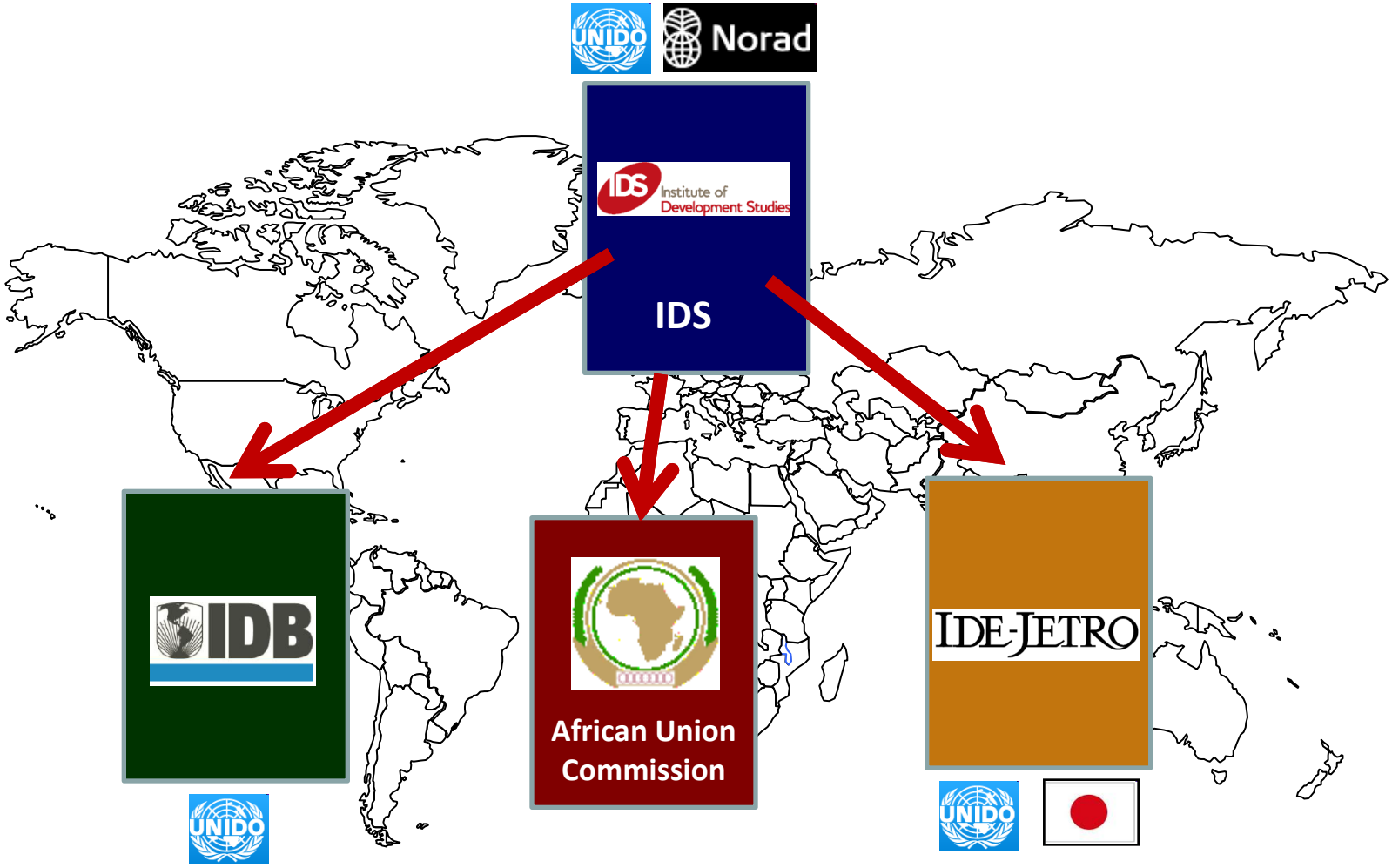
Purpose & objectives of TSCFs:

- TSCFs are country fact sheets
- 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
- Provide policy makers (and also other stakeholders) with a simple decision-making support tool to guide and inform their setting of priorities for trade capacity-building

http://unido.org/tscfootprints/



Regionalizing the Global TSC Report: 2013 ++



Conclusions

- Import rejections represent only the 'tip of the iceberg'
- 'Export losses' are relatively small but indicate reputational risk
- Rejection analysis has to be complemented by other measures such as buyer perception surveys and QI performance assessment
- Combination of different 'lenses' constitute a "TSC Observatory"
- TSC Observatory would allow for good policy guidance
- Global TSC Observatory work can be complemented with more in-depth regional and national analyses
- TSC Observatory helps to diagnose compliance challenges – but the essential question is how to overcome them
- In-depth value chain studies can indicate how to improve compliance performance → importance of IDE-JETRO analyses

Thank you for your attention!

For details…

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

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

www.unido.org/tradestandardscompliance