Meeting Standards, Winning Markets

National Trade Forum Cape Verde, 20th November 2015

Presentation Overview

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Trade Capacity Building 2

Building Quality Infrastructure
Food Safety
Trade Facilitation
Quality along the value chain

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Conclusion 4

1 Introduction

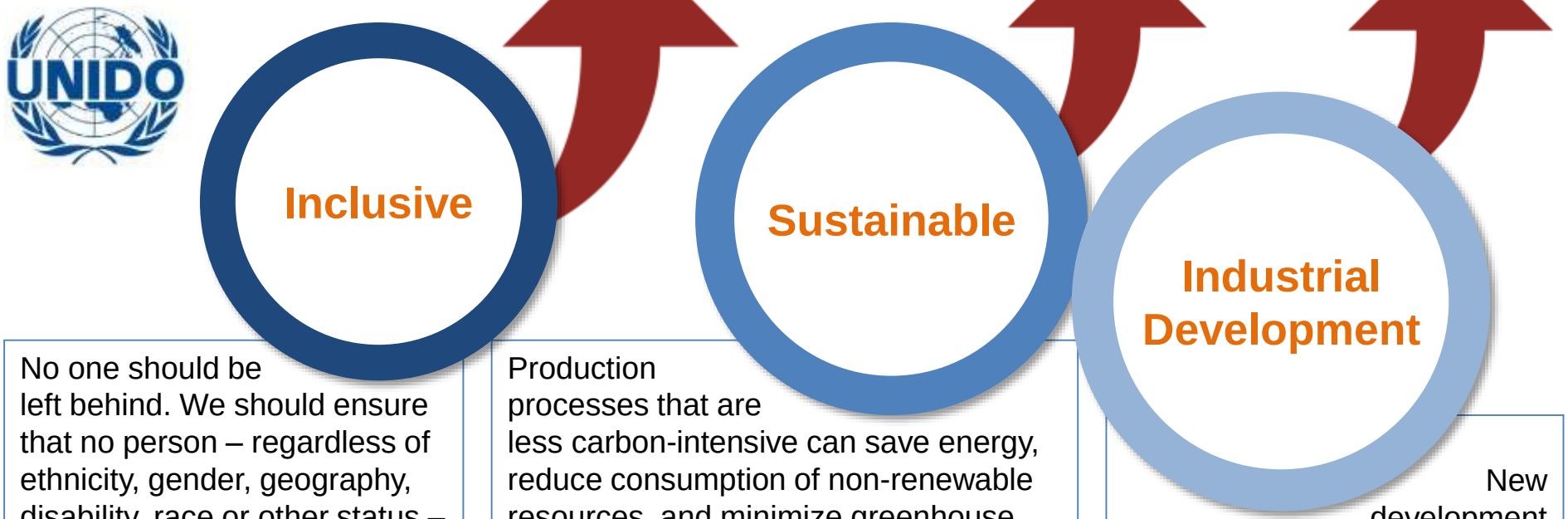
17 Global Goals for Sustainable Development

World Leaders have committed to 17 Global Goals to achieve 3 extraordinary things in the next 15 years.

End extreme poverty.
Fight inequality & injustice.
Fix climate change.

The Global Goals for sustainable development could get these things done. In all countries. For all people.

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



No one should be left behind. We should ensure that no person – regardless of ethnicity, gender, geography, disability, race or other status – is denied universal human rights and basic economic opportunities.

Production processes that are less carbon-intensive can save energy, reduce consumption of non-renewable resources, and minimize greenhouse gas emissions, while also stimulating innovation, technological change, diversification and job creation.

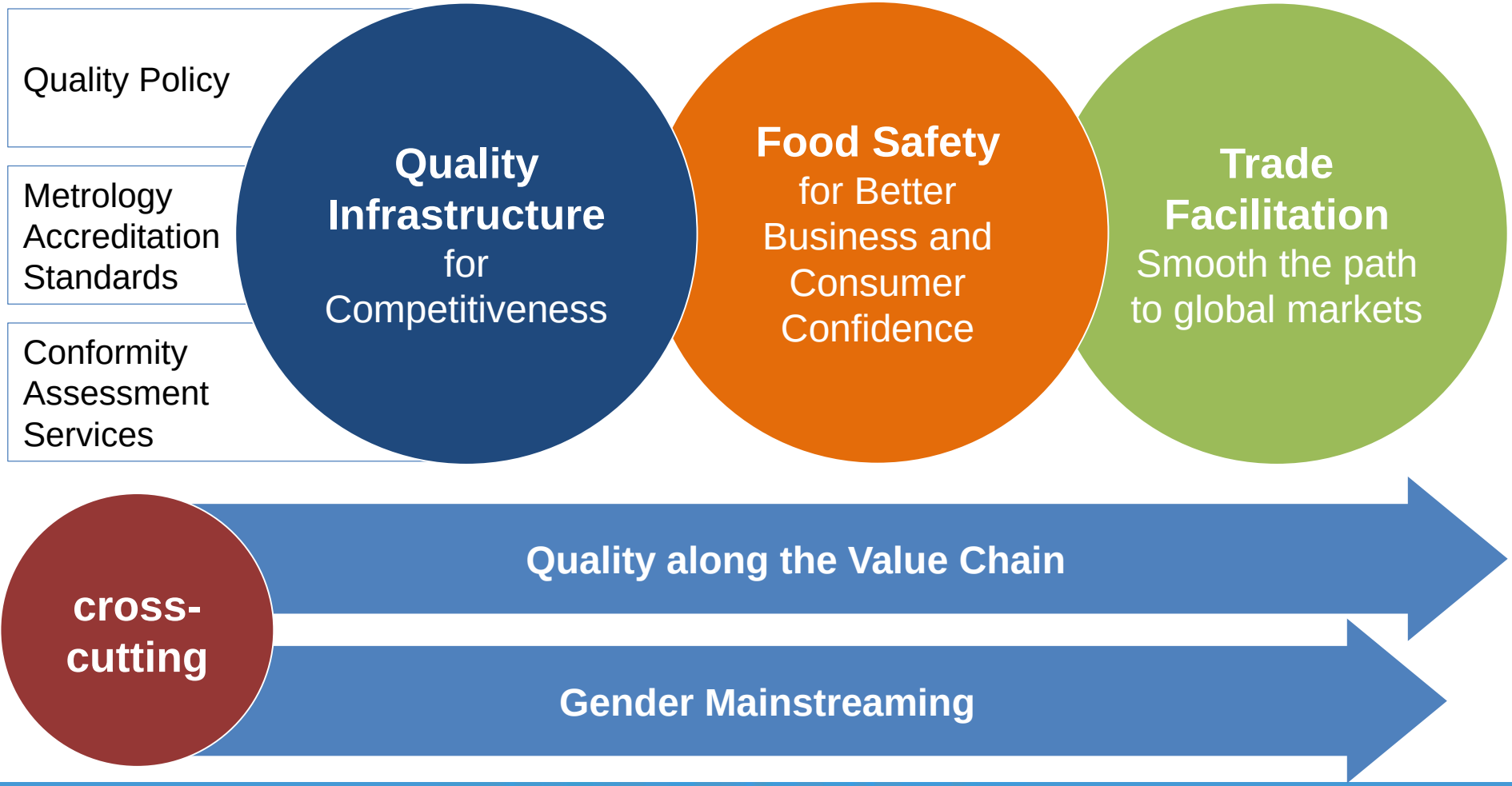
New development approach, which looks at society, economy, industry and the environment as a whole.

TRADE CAPACITY BUIDLING

OPENS DOORS TO GLOBAL MARKETS

2

Trade Capacity Building Activities



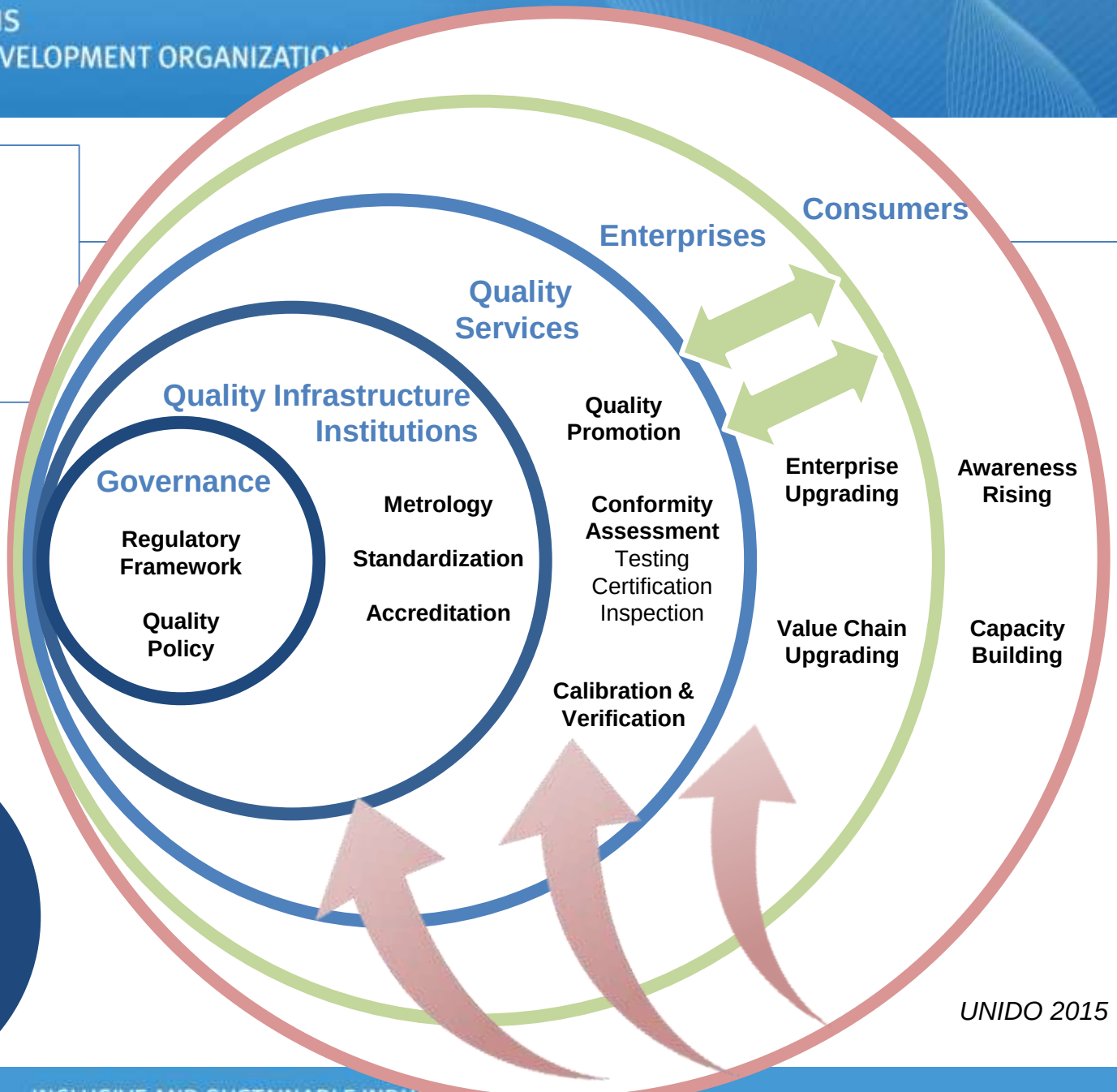
QUALITY INFRASTRUCTURE

FOR COMPETITIVENESS

Quality Infrastructure System

Systemic approach

In line with private sector needs



UNIDO 2015

West Africa Quality System Programme

Key data

West Africa Quality Programme - Objectives

Overall Objective	**To Establish suitable Quality infrastructure (QI) and national quality policies, for consumer health and environment protection, the improvement of private sector competitiveness and trade facilitation (i.e., better access to foreign markets)**
SO1	Relevant actors in countries covered by the programme make use of the regional quality infrastructure and harmonized legal framework
SO2	Private sector has access to strategically prioritized and harmonized standards for facilitated regional and international trade
SO3	Private and public sectors have access to a network of accredited and competitive conformity assessment services provided in the region
SO4	An entrenched quality culture among the private sector operators

West Africa Quality System Programme

Support for the implementation of the ECOWAS Quality Policy

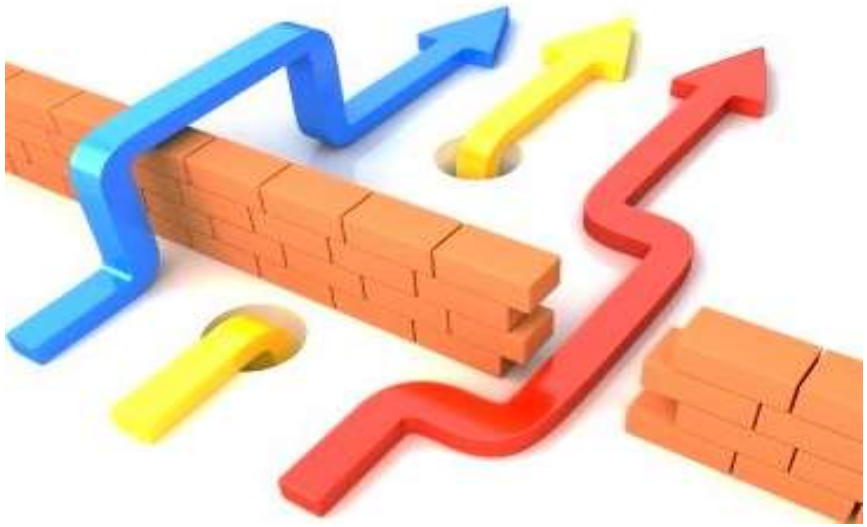
	Expected results
Regional Quality Policy	• **Harmonization and implementation of National quality policies** • **Integration of a law on consumer information and protection in national legislations**
Quality Infrastructure	• **Harmonization of standards and adoption of regional standards** • **The regional quality infrastructure scheme is operational: regional bodies for standardization, accreditation, metrology** • **Strong network of accredited CA bodies** • Creation of the ECOWAS Product Certification Mark
Quality Promotion	• **Quality is included in the national education programmes** • **Dissemination of culture of quality among the private sector operators and consumers** • Creation of ECOWAS Quality Awards

Concrete Results achieved

	Regional level	National level
Quality Policy	▪ ECOWAS Regional Quality Policy adopted	▪ 7 NQPs adopted
Quality Promotion	▪ UEMOA Quality Awards ▪ Business development plans for 6 agro-food technical centers	▪ Quality Awards ▪ Consumer associations capacity building
Standardization	▪ UEMOA secretariat operationalized ▪ Adoption of a regional QI Scheme ▪ ECOWAS System of standards harmonization (ECOSHAM)	▪ 14 countries ISO members ▪ 16 NSBs equipped, staff trained ▪ 3 NSBs created
Metrology	▪ SOAMET operational & OIML correspondent member	▪ 320 technicians trained ▪ 2 national metrology bills
Accreditation	▪ SOAC technically operational	▪ 400 laboratory staff trained ▪ 55 technical assessors trained
Conformity Assessment	▪ inter-comparison campaigns	▪ 500+ lab. technicians trained ▪ 100+ laboratories upgraded ▪ 21 laboratories accredited

West Africa Quality System Programme - Impacts

- ECOWAS Quality Infrastructure is credible to support the Economic Partnership Agreements between ECOWAS & EU, other regions
- Strong ECOWAS QI to support intra-regional trade & the ECOWAS Common External tariff



Food Safety

For Better Business and Consumer Confidence

UNIDO's Approach: Linking with Industries

Because the need to ensure safe and plentiful food is a worldwide challenge, UNIDO's proven approach to tackling it is a global one that aligns the resources of every link in the value chain: **local producers, the processing industry, transporters, retailers, governments and public health authorities**. The results are better and safer food for the consumer, more confidence in the safety of traded food, increasing sales for industry, and new opportunities for producers in developing economies.

the key to producing safe food lies with the first links in the food chain: **producers and industry**

UNIDO's Food Safety Approach

Systemic Approach

- **Governance**
- **Quality Infrastructure**
- **Enterprise Level**

Considering coherence of all dimensions:

- Align quality infrastructure with food safety regulatory framework
- Improve food safety quality infrastructure services
- Introduction of QM schemes to integrate SMEs into global value chains

UNIDO's Food Safety Approach: Tools for Safer Food

Tools for Safer Food

- Rejection Analysis
- Value Chain Analysis
- Partnership Building

→ **Needs Assessment and Stakeholder Engagement**

Trade Facilitation

Smoothing the Path to Global Markets

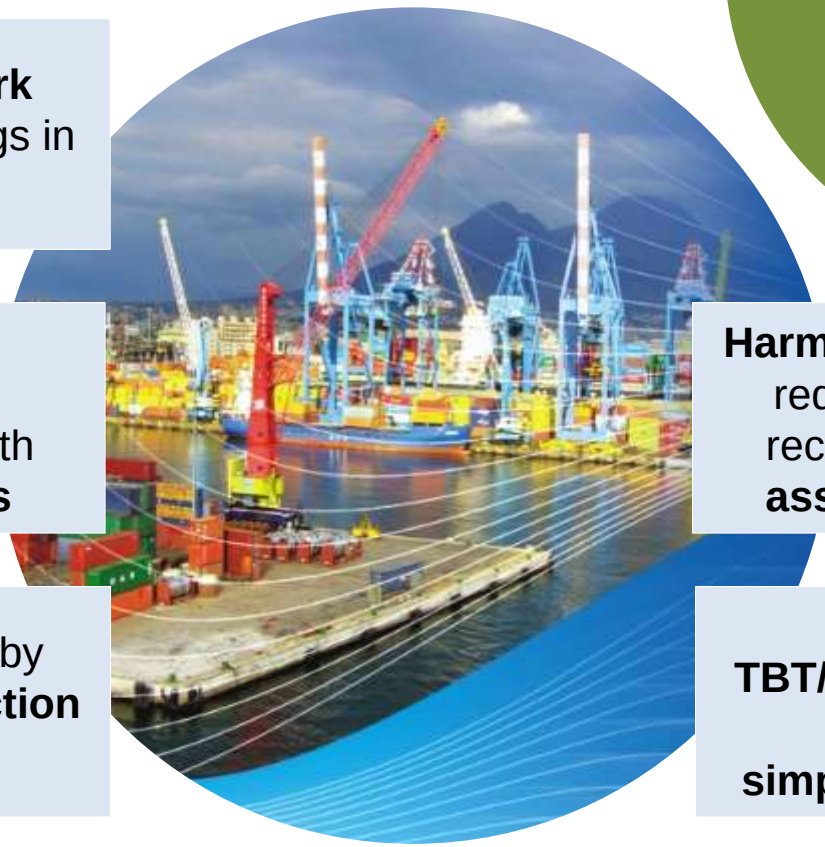
UNIDO Trade Facilitation Approach

The **overall objective** is to contribute to **reduce transaction costs and time** needed of flow of goods as in the context of the WTO TF agreement.

1 Conduct **analytical work** to identify the shortcomings in traded products

2 Support institutions/ National standards bodies (**NSB**) to align with international **standards**

3 Increase **transparency** by supporting **testing/inspection service providers**



4 Strengthening **WTO TBT/SPS/TF Enquiry Points** to contribute to the **simplification** of trade flows

5 **Harmonization** of compliance requirements and mutual recognition of **conformity assessment procedures**

Trade Facilitation Impact

Testing and Inspection – the missing link for successful implementation of the Trade Facilitation Agreement

Effective Inspection can make a difference

- Meeting international market requirements
- Reducing costs
- Improving competitiveness
- Ensuring consumer safety
- Enabling access to international markets
- Reducing economic distance to the market.

Quality along the Value Chain

UNIDO's Value Chain Approach

Value Chain Analysis – UNIDO's Approach

Cultivation - Processing - Pulping/ Washing - Drying - Roasting - Export

Regulations & Standards

Inspection & Certification

Testing

The national quality system is improved to provide state-of-the-art **conformity assessment services**

- Standardization
- Inspection & Certification
- Testing

Based on a targeted value chain analysis the quality and competitiveness of products can be improved by ensuring food safety **at every stage of the value chain.**

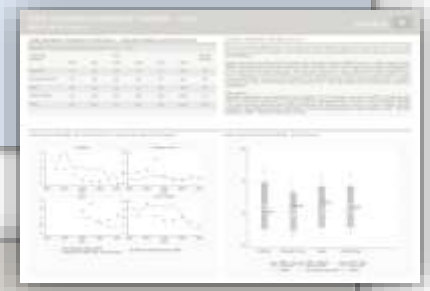
Trade Standards Compliance Analysis

Meeting Standards, Winning Markets

Trade Standards Compliance Analysis

Meeting Standards, Winning Markets

- EU DG Santé, US FDA, Australia AQIS, Japan MHLW
- Import/Border Rejection Analysis,
- Buyer Surveys, and
- Quality Infrastructure Indices



More Information:
http://www.unido.org/tradestandardscompliance.html

Rationale

Objectives of the Analysis:

- Provision of **policy guidance** for all development partners
- More **transparency** on trade standards challenges
- **Benchmarking** of compliance capacity
- Increasing **aid efficiency**

→ **Support for informed development policy decision-making**
→ **Better ("smarter") design of technical assistance programmes**

Contribution of the Analysis:

- Analysis of border rejections
- Estimation of export losses
- Identification of developing countries' ability to assess & prove compliance

Trade Standards Compliance Report (TSCR) 2010 and 2015

Partner: Institute of Development Studies (IDS)

Cooperation:

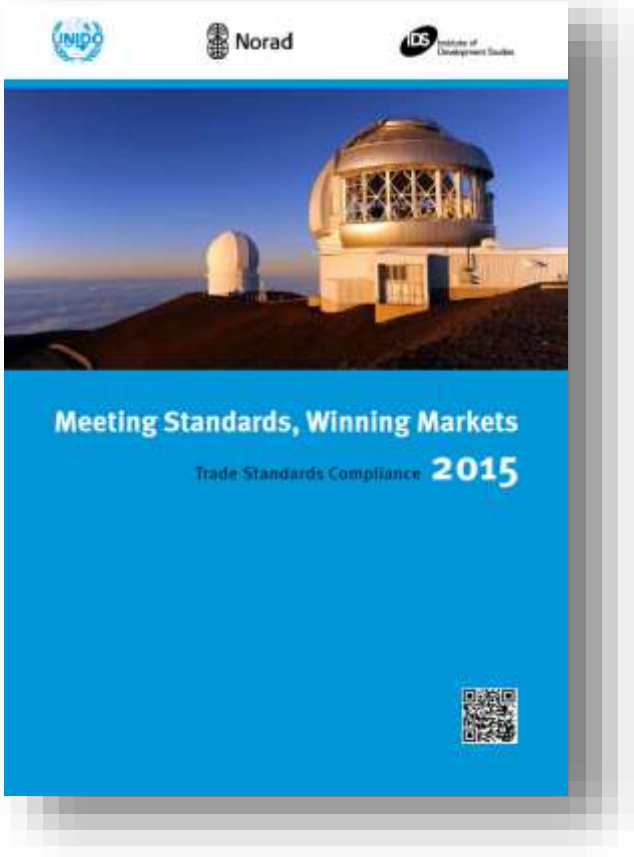
- Border rejection analysis (4 markets): EU DG Sanco, US FDA, Japan MHLW, AQIS/Australia
- Buyer survey: National/international private sector associations
- Quality Infrastructure Indices
- Emerging Issues chapter:
  TSCR 2010: FAO, ILO, IPPC, ISO, UNEP, WTO
  TSCR 2015: major retailers (AEON, Kraft Foods, GFSI), certification schemes (Fairtrade, MSC), NGOs (WWF, Oxfam), etc.

Additional activities:

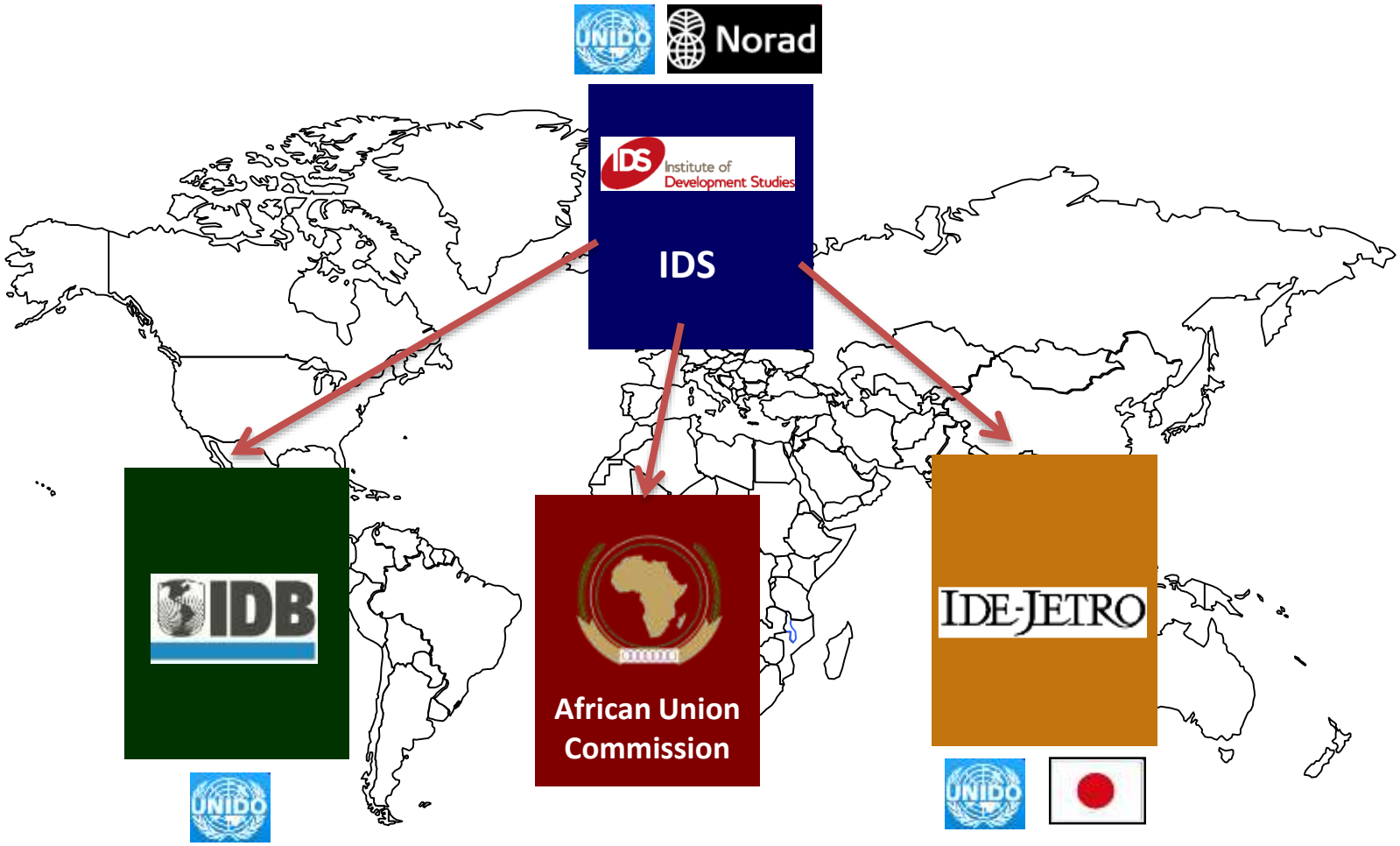
- Regional TSCRs for Asia (with IDE-JETRO) and Latin America and the Caribbean (with Inter-American Development Bank, IDB)
- Web tool/database (with IDB), incl. TSC Footprints

•Dissemination:

Hard copies + website: **www.unido.org/tradestandardscompliance**



Regionalizing the Global TSC Analysis/Report: 2015 ++



Methodology

Import Rejection Analysis

What do import rejections tell us?

UNIDO since 2010 works on rejection analysis as a tool for facilitating better policy decisions

Focus:

- Import rejections by world region
- Reasons for import rejection

Analysis by commodity, sector such as fish, fruits and vegetables, nuts and seeds

Reasons and rate of **rejections varies across markets**

Rejections at importing border are a **good rough indicator of compliance capacity** and for areas where and which improvement is needed

Import rejections have persisted to be a reality for developing country exporters. They provide **areas for policy guidance in terms of investments to achieve compliance** with SPS and TBT requirements in international markets.

UNIDO's Food Safety Approach: Rejection Analysis

Top 10 Reasons for non-compliances in FVO mission reports

CRITERION	No. Of countries	% Frequency (n=89)	Rank
Hygiene deficiencies	74	83%	1
Lack of plan/insufficiency of monitoring (sampling/testing) – microbiology/chemistry/water quality	72	81%	2
Lack of accreditation 17025/tests not in scope/lack of proficiency testing	57	64%	3
Lack of HACCP plans or inadequate	57	64%	3
Insufficient/no inspection of fishing vessels/non-compliant vessels approved	56	63%	5
Lack of follow-up of non-compliances identified (inspections, testing results and RASFF Notifications)	52	58%	6
Unsuitable test methods (not-authorised, not-validated not written methods)	50	56%	7
Inadequate inspection of HACCP	44	49%	8
Poor temperature monitoring and control	44	49%	8
Legal base for control not adequate/not equivalent	40	45%	10

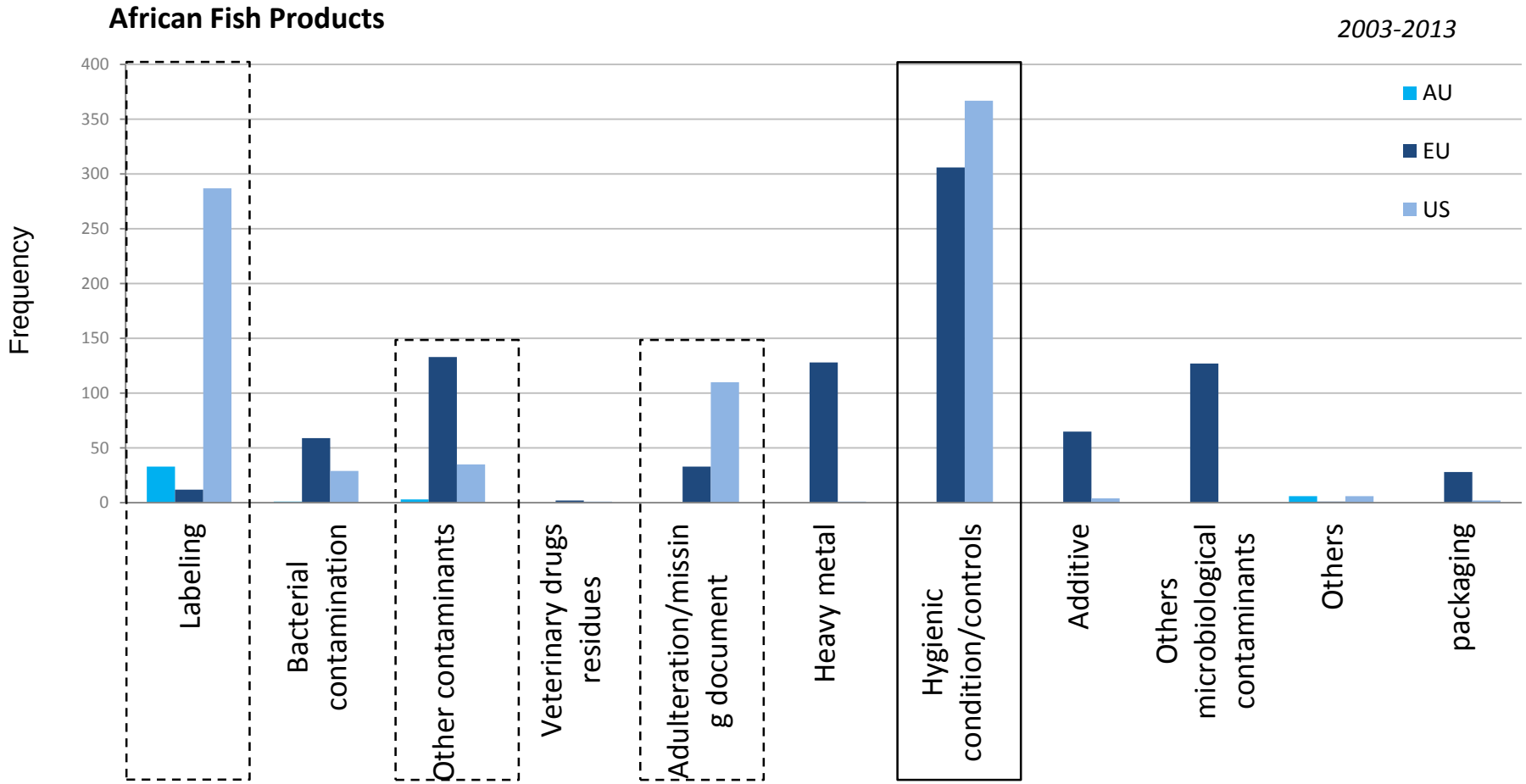
More details on FVO: http://ec.europa.eu/food/food_veterinary_office/index_en.htm

Background

The EU Food and Veterinary Office (FVO) carries out audits, inspections and related non-audit activities to ensure that EU legislation on food safety, animal health, animal welfare, plant health and in the area of medical devices is properly implemented

1. Official control of fishery products
2. Non-compliances in industry
3. Laboratories
4. Aquaculture and vet med controls

2015: Rejection Analysis by Region: Africa/ fish

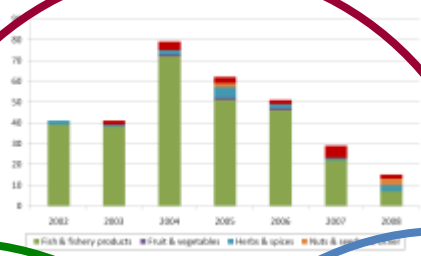


Note: The rejections for Japan are not reflected due to non relevance/ no data availability

(Work in Progress)

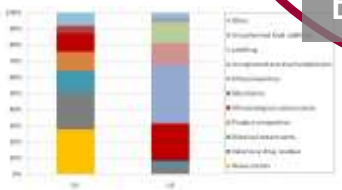
The Trade Standards Compliance Observatory

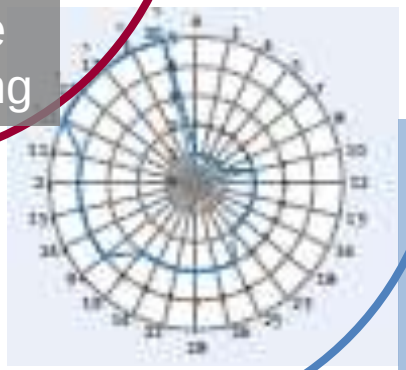
Buyer Compliance Confidence Radar
250 Global Buyers



Trade Standards Compliance Benchmarking

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





Quality Infrastructure Performance
Survey

48 Countries

Economic losses from Rejections

What are the monetary losses these classification of countries lose from fish products being rejected in different markets?

$$\% = \frac{Value\ of\ losses\ from\ fish\ rejections\ in\ 000\$}{value\ of\ fish\ imports\ in\ 000\$}$$

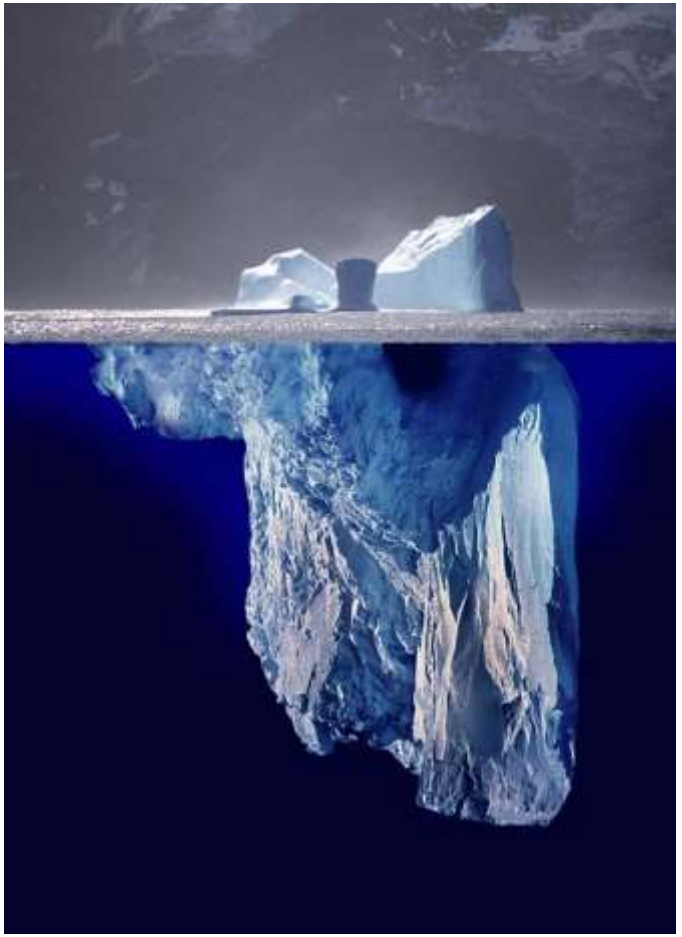
Value of loss as % imports of fish products in all 4 markets 2002-2010				
Country classifications	**US Market**	**EU Market**	**Australian**	**Japanese**
High income: OECD	0.07	0.054	0.29	0
High income: nonOECD	0.59	0.076	0.56	0.03
Low income	1.12	0.177	0.61	0.3
Lower middle income	0.39	0.055	0.35	0.09
Upper middle income	0.19	0.11	0.52	0.01
not classified	0.06	2.04	0.27	0
Total	**0.36**	**0.095**	**0.39**	**0.07**

Economic Losses Average/year 2005 -2015

Top 5 Countries/4 Markets: losses/year

• China	US$ 12,948,000
• India	US$ 2,949,000
• Indonesia	US$ 2,537,000
• Thailand	US$ 6,542,000
• Vietnam	US$ 3,080,000

Estimated export losses are however only the tip of the Iceberg: Reputational loss is difficult to establish



https://en.wiktionary.org/wiki/tip_of_the_iceberg#/media/File:Iceberg.jpg

Case study

4

Senegal

Trade Standards Compliance Country Footprints

Poverty Relevance →

Trade Contribution to GDP →

Trade Standards Compliance Footprint - 2012

Import rejection analysis

Senegal

Basic indicators

Population (2011)	12,767,556
Rural population (% total population)	57.44
GDP (millions current US$, 2011)	14,291
Agriculture (% share in total GDP, 2011)	15.02
GDP per capita (US$):	1,119
World Bank income group:	LMIC
Human Development Index 2012 ranking	154
Poverty headcount ratio, US$1.25/day (% of population)	29.61
Employment in agriculture (% of total employment)	33.70 (2002)
Female employees, agriculture (% female employment)	33.00 (2002)

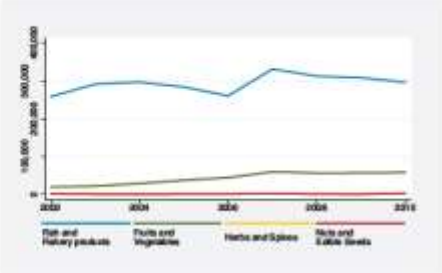
Share of food exports in total exports (% 2010)	24.65
Rank as world exporter for:	
Total food products	98
Fish and Fishery products	45
Fruits and Vegetables	92
Rank as food products exporter to:	
Australia	95
European Union	50
Japan	147
United States	84

Main export markets (% share of export value, 2010)

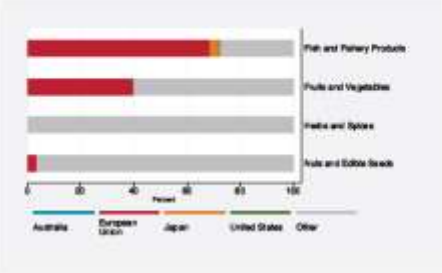
By product group:		
All food products	EU	59.63
	China	7.64
	Mali	5.65
Fish and Fishery Products	EU	68.39
	Ivory coast	5.63
	Cameroon	4.44
Fruits and Vegetables	EU	93.19
	Mali	4.96
	Russian Federation	0.71

Food Trade Patterns and Performance

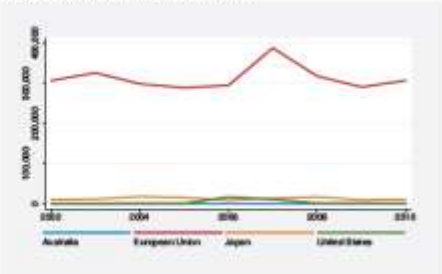
Export value to the world by product group (in 1,000US$)



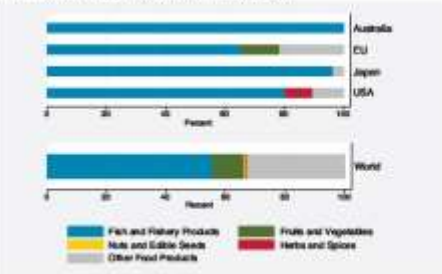
Share of export markets by product group (2010)



Value of food product exports by export market (in 1,000US$)



Share of product groups in total food exports by export market (2010)



UNIDO – Trade Standards Compliance Footprint 2012: Import rejection analysis

Trade Standards Compliance Footprint - 2012

Import rejection analysis

Senegal

Trade Standards Compliance Performance – Rejection Analysis: All Food Products

Number of food product import rejections (2006 – 2010)

Importing country	Year					Total	Annual average
	2006	2007	2008	2009	2010		
Australia	0	0	0	0	0	0	0
European Union	6	13	10	28	20	77	15
Japan	0	0	0	0	0	0	0
United States	4	3	5	28	0	40	8
Total	10	16	15	56	20	117	23

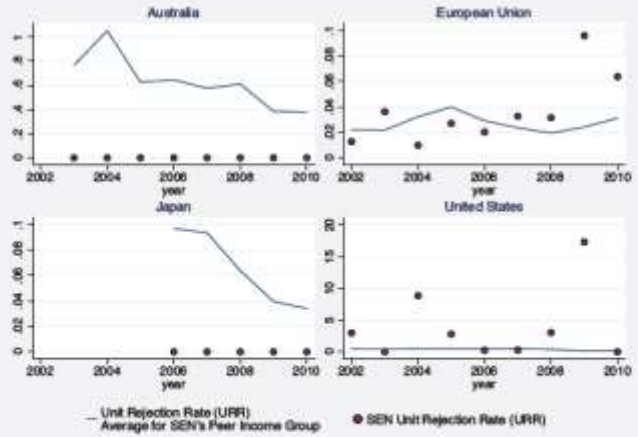
Indicator definitions and data sources

Unit Rejection Rate (URR): Number of rejections per US$ 1 million of exports over the period 2002 to 2010. This measure takes account of changes in the volume of exports such that it provides a direct measure of the rate of non-compliance.

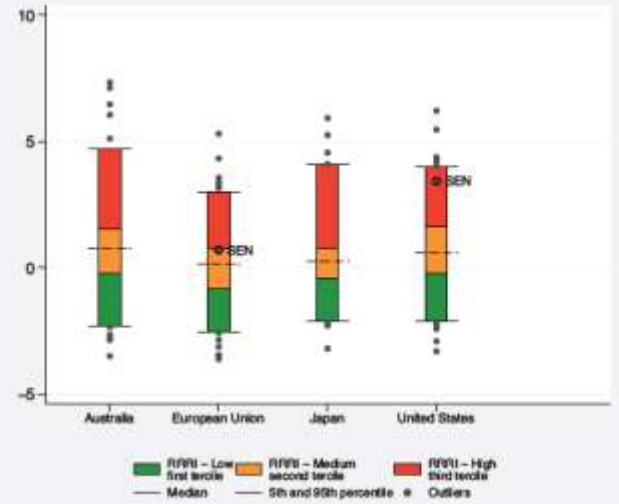
Relative Rejection Rate (RRR) and the Relative Rejection Rate Indicator (RRRI): First, the "relative rejection rate" (RRR) is calculated as the ratio of a country's share of total rejections in one market to its share of total imports in this market for the entire period (i.e. 2002 to 2010). This ratio is then converted into natural logarithms in order to generate a normal distribution. The natural logarithms are divided into three equal groups to create a tercile distribution. Countries in the highest tercile are labeled 'high', those in the middle tercile are labeled 'medium', and those in the bottom tercile are labeled 'low', reflecting relative poor/medium/good compliance performance.

Data sources:
Australian Quarantine and Inspection Service (AQIS) / EU - Directorate General for Health & Consumers (DG SANCO) - Rapid Alert System for Food and Feed (RASFF) / Japanese Ministry of Health, Labor and Welfare (MHLW) / US Food and Drug Administration (FDA) Operational and Administrative System for Import Support (OASIS) database / UN-Comtrade database / World Bank – World Development Indicators (WDI) database / FAO – FAOSTAT database / UNDP – Human Development Reports.

Unit Rejection Rate (URR) - All Food Products (no. of rejections per million US$ of exports)



Relative Rejection Rate Indicator (RRRI) – All Food Products



Trade Standards Compliance (Border rejections)

Border Rejection Analysis by Sector →

Trade Standards Compliance Footprint - 2012

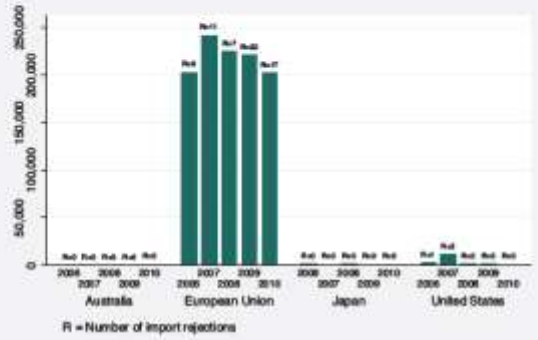
Import rejection analysis

Senegal

Trade Standards Compliance Performance – Rejection Analysis by Product Group

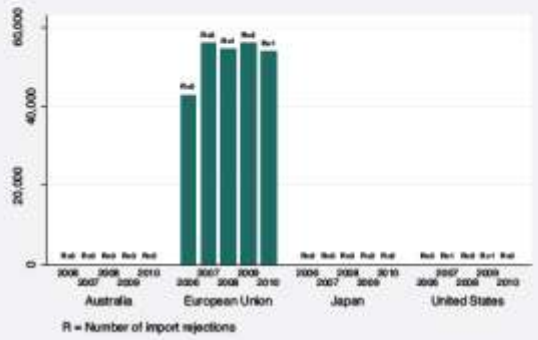
Fish and Fishery Products

Export Value (in 1,000US$) and Number of Rejections (2006 – 2010)



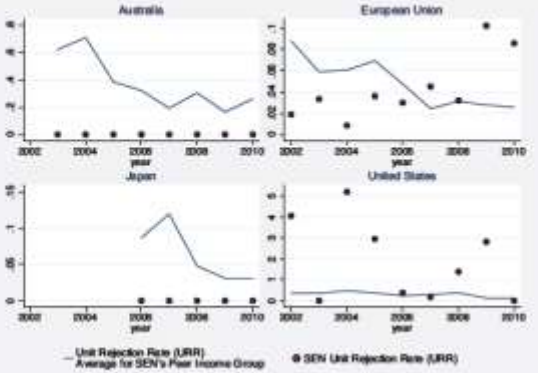
Fruits and Vegetables

Export Value (in 1,000US$) and Number of Rejections (2006 – 2010)

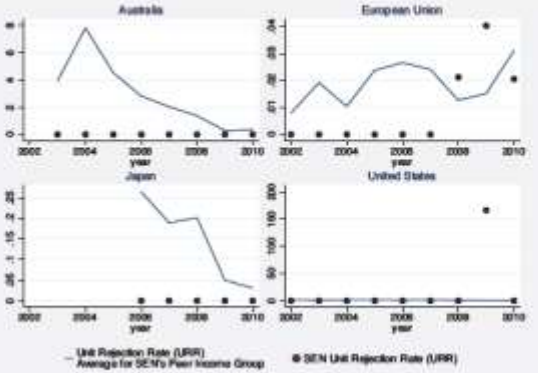


Unit Rejection Rate (URR) by Product Group (no. of rejections per million US$ of exports)

Fish and Fishery Products



Fruits and Vegetables

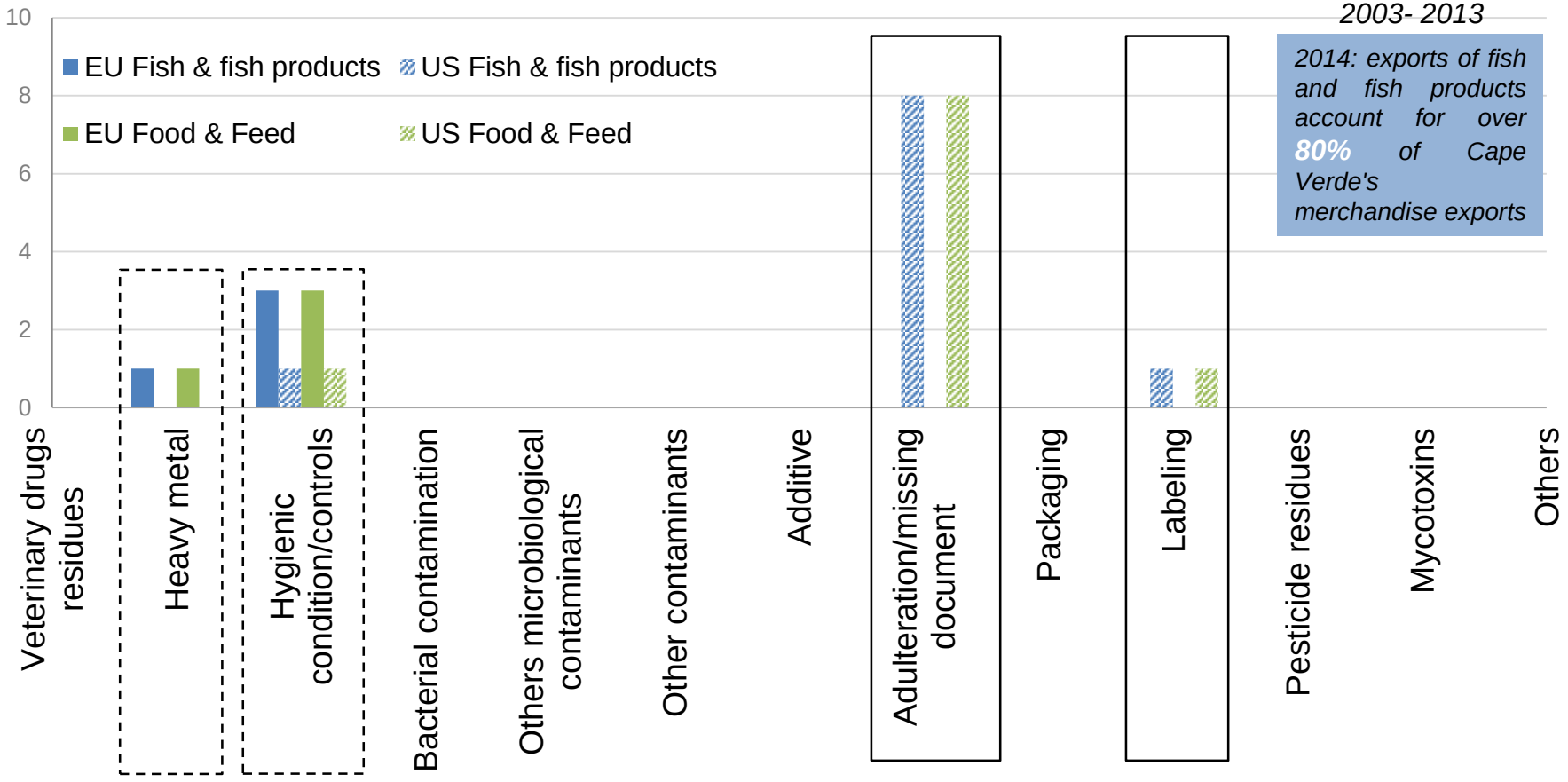


UNIDO – Trade Standards Compliance Footprint 2012: Import rejection analysis

Case study

Cape Verde

2015: Rejection Analysis: Reasons Cape Verde



Note: The rejections for Australia and Japan as well as other sectors are not presented due to non relevance/ no data availability

TSCR Inputs for Cape Verde

- Support in the identification of the key sectors for development and support, e.g. Project formulation:
  - project ID: 150125 (TCB): Fisheries and Cluster Industry
  - project ID: 140069: Cape Verde – Value chain studies

- Identification of specific areas of support within Quality Infrastructure institutions (need to be addressed: Testing, Certification, etc.)

ID	Project	Category	PADs	Delivery
140069	Cabo Verde - Value chain studies	EC1 Poverty Reduction	$125,233.6	$72,029.37
100131	Cabo Verde ECP	EC1 Poverty Reduction	$213,782.5	$135,455.97
150113	Cabo Verde national system of innovation	EC1 Poverty Reduction	$88,785.05	$21,396.93
130244	CapeVerde NIPupdate 5693	EC3 Environment & Energy	$35,418.13	$22,761.20
103002	CVI - Greening of 1UN Building in CVI	EC3 Environment & Energy		$5,022.11
100332	CVI Promot.small-medium scale renewables	EC3 Environment & Energy	$321,240.1	$76,016.48
101009	FBCVI09A01	EC1 Poverty Reduction		-$90.04
150125	Fisheries and Sea Cluster Industry	EC2 Trade Capacity Building	$14,236.45	$7,007.41

tcb@unido.org