Joint ITC-UNECE Guide on Risk Management for border agencies

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History

- ITC sent the first draft in May 2019
- The GRM reviewed the Guide: opportunities for improvement
  - Consistent description of the risk management methodology
  - Highlighting the importance of international trade for the SDGs
  - Brining together sustainable development, international trade and risk management
  - Highlighting the role of product regulators and the need for integration
- New structure of the Guide approved in March 2020
- Work in progress
Chapter 1: Risk management for trade facilitation and sustainable development

- Risk management for trade facilitation and sustainable development
  - The need for building risk-based regulatory systems in support of the SDGs
  - Risk management in trade facilitation
  - How this publication helps achieving the SDGs

Chapter 2: Tools for choosing best actions in response to risks

- What is a risk?
- Developing a model of a risk
  - Formalizing a risk event
  - Evaluating the consequences
  - Identifying risk factors, vulnerabilities and sources of risk
  - Measuring the uncertainty: assessing the likelihood and probability
- Developing a data model of a risk
- Objectives of risk management and tips for choosing best actions in response to risks
  - Strategy
  - When it is the best response
  - When it is not the best response
- Risk management process
Chapter 3: Guidelines for building risk-based regulatory frameworks in support of sustainable development

- Turning the SDGs into regulatory objectives and defining the risk criteria
- Identification and assessment of risks to SDGs
  - All sources
- Prioritizing risks to SDGs
- Building regulatory frameworks in response to risks
- Regulation as a risk mitigation tool
- Challenges of market surveillance and enforcement: regulatory requirements, dangerous and compliant products

<table>
<thead>
<tr>
<th>SDGs and targets</th>
<th>Objectives of Food Safety Regulatory Framework</th>
<th>Objectives of Transport regulatory framework</th>
<th>Objectives of agricultural regulatory system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eradicate poverty in all its forms everywhere</td>
<td>Ensure the availability of food for poor and vulnerable</td>
<td>Ensure availability of transport for the poor and the vulnerable</td>
<td>Resilience for shocks (climate and economic)</td>
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<tr>
<td>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</td>
<td>Increase trade in food</td>
<td>Ensure efficient transport of food products</td>
<td>Support new farms and economic operators in agriculture</td>
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<tr>
<td>Ensure healthy lives and promote well-being for all at all ages</td>
<td>Safety of food, Safety of imported food</td>
<td>Reduce emissions, Reduce the use of pesticides</td>
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<tr>
<td>Ensure inclusive and equitable quality education</td>
<td>Food in schools</td>
<td>Transport to schools</td>
<td>Support education in agriculture</td>
</tr>
<tr>
<td>Achieve gender equality and empower all women and girls</td>
<td>Food in schools</td>
<td>Food in schools</td>
<td>Support education in agriculture</td>
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<tr>
<td>Ensure access to affordable, reliable, sustainable and modern energy for all</td>
<td>Ensure sustainable use of energy in the regulated businesses</td>
<td>Ensure sustainable use of energy in the regulated businesses</td>
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</table>

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<tr>
<th>Risk treatment strategy</th>
<th>Interpretation of the strategy on a regulatory system level</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk avoidance.</td>
<td>Stopping activities or processes where the risk can occur.</td>
<td>Stopping the import of fruit and vegetables.</td>
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<tr>
<td>Sharing the responsibility for managing the risk.</td>
<td>Sharing the responsibility for managing the risk, including bearing responsibility if it occurs, to economic or social actors.</td>
<td>Making economic operators responsible for the risk.</td>
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<tr>
<td>Mitigating the risk.</td>
<td>Developing a regulatory or non-regulatory response to reduce the probability and the expected impact of a risk. Risks that are above the tolerable level should be addressed by regulatory authority.</td>
<td>Impose a regulation aimed at controlling the level of pesticides in products.</td>
</tr>
<tr>
<td>Tolerating a risk.</td>
<td>In a regulatory context, tolerating a risk means that the regulator is prepared for the case the risk occurs.</td>
<td></td>
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</table>

- Decrease the probability of occurrence of a negative event
  - Probability | Event |
  - None known or statistical probability $< 0.1$ or experts say “will never happen” |
  - Probability $> 0.1$ |
  - Probability $> 0.1$, $> 0.1$ times last year or Statistical probability $> 0.1$ |
  - Probability $> 0.1$, $> 0.1$ times last year or Statistical probability $> 0.1$, or experts say “definitely happens” |

**Examples of risk assessments:**
- Food becomes unavailable to large populations of poor and vulnerable, or decrease in trade more than 50%, or death or group poisoning, or SDGs not achieved
- Food becomes unavailable to less than half of the poor and vulnerable groups, or decrease in trade by less than 50%, or poisoning involving more than 20 consumers, or heavy impact on at least one SDG

**Categories of risks:**
- **III** (Tolerable risks)
- **II** (Tolerable risks)
- **I** (Tolerable risks)

**Consequences:**
- Exercise in plant protection will cause acute poisoning
- "Consumers will be exposed to contaminated food"
- "Food importers make an agreement with its suppliers to "increase in food prices""
- "Significant increase in retail prices"
- "Increased consumption of essential products"

**Recommendations:**
- Ensure gender equality in regulated businesses.
- Achieve gender equality and empowerment of all women and girls.
- Support new farms and economic operators in agriculture.
- Safety of food, Safety of imported food.
Chapter 4: Risk management in international trade

- International trade and regulatory systems
- Growing level of uncertainty within the international trade system
- Risk management principles of the international trade agreements
- Types of risks within an international trade system
  - Trade disruption
  - Customs
  - Product non-compliance
  - SPS
- Analysis of the international supply chain as a basis for risk management in trade

Chapter 5: Building import compliance frameworks in regulatory systems

- Main challenges
- Risk management objectives of an import compliance framework
- A structure of a profiling system for shipment evaluation
- Determining risk factors for evaluating probability of non-compliance
- Developing and evaluating compliance rules
- Risk-based inspections
- Tools for advanced data analysis and knowledge management
Chapter 6: Addressing the risk of product non-compliance in international trade

- Difference between the customs risks and risks of product non-compliance
- International experience in management of non-compliance risk
  - New Zealand Risk Engine
  - US FDA PREDICT
  - Australia CBIS
- Guidelines on building risk-based procedures in product compliance
  - Objectives
  - List of products
  - Probability factors
  - List of technical factors
  - Shipment evaluation
  - Risk-based inspections

Chapter 7: Best practice in management of customs risks

- Risks within the responsibility of the customs
- Available information sources
- SRA (mix of general and customs specific tools)
Chapter 8: Guidelines on integrating risk management processes of customs authorities and product regulators

- Principles of integration
- Description of the integrated process
- Targeting centers

Chapter 9: Best practice in border management

- Border agency coordination
- ...
- To be developed
Chapter 10: Roadmap for implementation

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Chapter 11: Compliance strategy for business

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