STANDARDS COMPLIANCE ANALYTICS

BORDER REJECTIONS IN MAJOR GLOBAL MARKETS
ALBANIA

February 2023

INTRODUCTION

Technical regulations and standards are increasingly prevalent and continuously evolving in the international trade of food and nonfood (industrial) products. Moreover, there is evidence that many developing countries face challenges in complying with the safety and quality requirements that these regulations and standards lay down. Since 2008, UNIDO has regularly collected evidence about trade related challenges and their evolution over time, particularly in the area of compliance with (quality, certification, labeling, etc.) requirements set by international markets.

In their efforts to improve compliance, the challenge for national governments and donors is to allocate scarce financial and technical resources amongst a plethora of capacity building needs. There is, therefore, a need to identify where the most acute compliance challenges are faced—in a trade context this means identifying the products and markets with the highest rates of non-compliance—thus recording rejections. In this context, the Standards Compliance Analytics (SCA) tool can be used to facilitate the use of rejection data to identify the key compliance challenges faced by exporting countries and thereby enhance targeting of investments in building relevant compliance capacities (more details about the SCA tool can be found in the Annex).

Using the SCA tool, this report focuses on analyzing the trends and patterns of Albanian agri-food import rejections in five major international markets, namely Australia, China, the European Union (EU), Japan and the United States (US). The objective of this report is to gain insights about the challenges faced by Albania in complying with product quality and safety standards and regulations in agri-food trade towards both regional and global markets. The present report was prepared by UNIDO and valuable feedback was provided by the Albanian ministries of standardization and the environment, the Institute of Statistics, and the Ministry of Finance. Based on the analysis of the rejection data and consultation with various stakeholders, recommendations are provided and can be divided into three categories: strengthen the Quality Infrastructure System; enhance industry compliance, competitiveness and sustainability; and promote a conducive policy environment and culture for quality.

The UNIDO knowledge Hub (http://hub.unido.org) contains a lot of information, online trainings, and digital tools about Quality Infrastructure including the SCA tool, which can be accessed at https://hub.unido.org/rejection-data/trade-rejection-analysis

Any feedback and comments on this report are welcomed and can be addressed to knowledgehub@unido.org.

A. COUNTRY PROFILE

Country	Republic of Albania
Continent	**Europe**
Population	**2.81 million** (2021)
GDP	**18.26 billion USD** (2021)
GDP per capita	**6,493 USD** (2021)
Value added by Agriculture, Forestry and Fishing	**18 %** of GDP (2021)
Food Safety Index	**33** (2017)
Logistics Performance Index (overall)	**2.66** (2018)
3 Year Average of Food Production	**312** (2015-2017 ; unit: $1 per capita)

According to the World Bank, Albania is an **upper middle-income** country with a Human Development Index[1] value in 2021 of **0.796** – which puts the country in the high development category positioning it at 67 out of 191 countries and territories[2]. Albania's human development gains rebounded in 2021 but uncertainties still lay ahead. The economy of Albania went through a process of transition from a centralized economy[3] to a market-based economy on the principles of the free market. The GDP in 2021 was estimated at $18.26B with an annual growth of **8.5%** and the average annual change in consumer price index was 2%[4].

Albania has transformed from one of the poorest countries in Europe to an upper middle-income country. The country is implementing important reforms to revitalize growth, while advancing the European Union integration agenda. In addition, Albania is endowed with considerable natural ressources, such as petroleum, natural gas, ample reserves of metallic mineral deposits

which include chromium, copper, and iron-nickel. The pandemic had a significant negative economic impact in Albania, as it was still recovering from the earthquake which took place in late 2019. After growing by 2.1% in 2019, growth contracted by 3.5% in 2020[5]. Despite the severe contraction in the second quarter of 2020, during the summer of the same year economic activity returned as restrictions were lifted. An increase in the construction sector contributed to a GDP growth of 2.9% in the last quarter of 2020. Due to reduced external demand, exports fell by 6.7% in 2020[6].

As a key component of a country's exports business, the logistic performance index (LPI) of Albania is shown in Table 1. The overall LPI score is 2.66 and is ranked at number 88 among 160 countries in the study (Lower bound/2.46 | Upper bound/2.86). Most countries ranked above Albania are developed countries with higher income[7].

[1] United Nations Development Programme (2022, September 8). Human Development Report 2021-22 - Uncertain Times, Unsettled Lives: Shaping our Future in a Transforming World. https://www.undp.org/albania/publications/human-development-report-2021-22

[2] Merino, M. (2022, September 23). With the Human development index in reverse: Why are we ignoring a world at breaking point? https://www.undp.org/albania/blog/human-development-index-reverse-why-are-we-ignoring-world-breaking-point

[3] Michigan State University. Albania: Introduction. GlobalEdge. https://globaledge.msu.edu/countries/albania

[4] World Bank. Inflation, consumer prices (annual %) - Albania. World Bank Data. https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=AL

[5] Economic Growth. Institute of Statistics http://www.instat.gov.al/en/

[6] World Bank Group (2021). Western Balkans Regular Economic Report: Subdued Recovery. https://openknowledge.worldbank.org/bitstream/handle/10986/35509/Subdued-Recovery.pdf?sequence=1&isAllowed=y

[7] World Bank. Country Score Card: Albania. 2018. https://lpi.worldbank.org/international/scorecard/line/255/C/ALB/2018/R/ECA/2018/I/UMC/2018

TABLE 1: INTERNATIONAL LPI IN 2018 – ALBANIA

DATA TABLE
(Toggle Rank and Score for Subindicators)

Country	Year	LPI Rank	LPI Score	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
Albania	2018	88	2.66	2.35	2.29	2.82	2.56	2.67	3.20

The Global Competitiveness Index (GCI) is made up from up to 103 indicators from combined data sources from international organizations and the World Economic Forum's survey and includes institutions, infrastructure, ICT adoption, macroeconomic stability, health, skills, product market, labor market, financial system, market size, business dynamism, innovation capability, etc. The GCI is a score between 1 and 100 and in 2019, Albania scored 57.6 and ranked 81st (out of 141)[8], which represents a drop of five places compared to 2018. Regarding the 12 pillars or economic drivers, Albania's public sector performance had one of the highest ranking of 60th (out of 141) with 53 points. Within this category, the two indicators that performed particularly well were the burden of government regulation and the government's use of the internet to provide information to the public. One of the lowest scores was found in Innovation Capability cateogry with a rank of 110th with a score of 30 points. This category assesses each country in terms of its workforce, collaborative environment, quantity and quality of research, and its efforts to obtain intellectual property protections[9].

B. AGRICULTURE SECTOR

Albania, having transitioned from a centrally planned state in the 1990s, is an open-market economy in which the prices of goods and services are determined in a free price system[10]. In terms of value added, the agriculture sector contributed to 19.1%[11] of the GDP and employed 36.1%[12] of the workforce in 2020 according to World Bank, while the industrial sector accounted for 20.1%[13] of the country's GDP in 2020 and employed 20.2% of the active population in 2019. This sector is focused on food processing, textiles and clothing, timber work (construction), oil, cement, chemical products, mining, transport and hydraulic energy. The manufacturing sector's value added is estimated to contribute to nearly 6.3% of the country's GDP. The services sector represents 48.6% of the GDP and employs almost half (43.7%) of the workforce. Two recent events have affected the Albanian economy negatively: the devastating earthquake of November 2019[14] and the Covid-19 pandemic.

As a large portion of the agricultural produce is in fact consumed by the farmers themselves and therefore not marketed, the agricultural production is higher than what is reflected as a share of the GDP. The agricultural sector is limited primarily to small family operations and subsistence farming due to a lack of modern equipment, unclear property rights, highly fragmented land ownership post-1990 and limited area of cultivation, and lack of bank crediting along with high taxes which are all obstacles to reaching higher productivity[15].

Agricultural production:

Albania spans 28,748 square kilometers of which in 2020 23.9% was agricultural land, 36.6% forest land, 16.6% pasture and meadow, and 22.9% other lands including lakes, waterways, unused rocky and mountain land. Although only one-fourth of the total land area is arable, the country can meet nearly all of its food needs thanks to domestic production. The main crops are wheat, corn (maize), sugar beets, oats, tobacco, potatoes, and watermelons. Apples, plums, grapes, walnuts, and chestnuts are also grown. Citrus fruits are cultivated on the southern coast, as are figs and olives (Albania is the 11th largest producer of olive oil) wherever there is sufficient irrigation. Major livestock are sheep, goats, cattle, and pigs. The country experiences a mostly Mediterranean climate with continental influences; this means that the climate is characterized by mild winters and hot and dry summers. The Albanian government is attempting to boost agricultural production by granting financial support to farmers and facilitating private investment in the agro-industry sector. It has also allocated a significant amount to support the development of the fruit and olive orchards, greenhouses, and crop storage facilities. In 2020, the government invested approximately $55 million to enhance the drainage

[8]Schwab, K. World Economic Forum. 2019. The Global Competitiveness Report 2019. https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

[9] World Economic Forum. Albania: Innovation Capability. https://intelligence.weforum.org/topics/a1G0X000006NwUfUAK/key-issues/a1G0X000006NwakUAC

[10] globalEDGE. Albania: Introduction. https://globaledge.msu.edu/countries/albania

[11] The World Bank (2020). Agriculture, forestry, and fishing, value added (% of GDP) - Albania. The World Bank Data. https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?end=2020&locations=AL&start=2016

[12] Trading Economics. Albania - Employment In Agriculture (% Of Total Employment). https://tradingeconomics.com/albania/employment-in-agriculture-percent-of-total-employment-wb-data.html

[13] World Bank (2021). Industry (including construction), value added (% of GDP) - Albania. The World Bank Data. https://data.worldbank.org/indicator/NV.IND.TOTL.ZS?locations=AL

[14] OECD. (2021, January 31). The Covid-19 Crisis in Albania. https://www.oecd.org/south-east-europe/COVID-19-Crisis-in-Albania.pdf

[15] FAO. (2019). Smallholders and Family Farms in Albania - Country Study Report. https://www.fao.org/3/ca7450en/CA7450EN.pdf

and irrigation infrastructure, support the agricultural and livestock production and improve food safety[16].

The vegetables production in 2020 amounted to **1,295,726 tonnes**. Albania's agricultural production is mostly comprised of vegetables, forage, and cereals. The cereals production in 2020 was **684,023 tonnes**. In 2020, fresh vegetables represented 67.5% of total vegetables followed by melons with 23.01% and dried vegetables with 9.41%. In the group of fresh vegetables, the most representative crops are tomatoes with 35.8%, cucumbers with 13%, and peppers 11.8%. For dried vegetables, dry onions represent 85.6% of total production, while in the production of melons, watermelons represented 83.2% of the production. To put these numbers into perspective, exports of edible vegetables and certain roots and tubers amounted to **$81.77M** in 2020. In addition, exports of vegetables, fruits and nut food preparation accounted for **$27.56M** in 2020.

Agriculture exports:

Albania is known as a top exporter of high-quality and certified agricultural products, especially tomatoes. According to the World Bank rankings for 2019, Albania ranked 22nd for the export of tomatoes, 20th for the export of cucumbers, 26th for watermelon exports in the world. Albania also has a long history of farming as one of the earliest farming sites in Europe has been found in Southeastern Albania.

In 2020, Albania exported a total of **$2.62B**, making it the 134th exporter in the world. During the last five reported years, the Albanian exports have increased by $420M from $2.2B in 2015 to $2.62B in 2020. The most common destinations for the exports were Italy ($1.11B), Serbia ($236M), Germany ($165M), Spain ($152M), and Greece ($141M)[17]. In addition, according to INSTAT, Albania has the highest trade surplus with Kosovo and mainly exports construction materials and metals, fuel, food, beverages, and tobacco to it[18]. Apart from China, one of the main partners of Albania in terms of food exports is the EU. The export of agricultural food and feed products to the EU as shown in **Figure 1**[19] has increased by 44% from 2017 to 2021. The highest increase was noted in edible vegetables, roots & tubers (it has been multiplied by almost 3), whereas exports of tobacco and tobacco products have significantly decreased. The other products' exportation rate has remained stable (cereals, flour, starch,

beverages, spirits and vinegar, edible fruits and nuts, products of animal origin). In terms of the structure of exports to the EU in 2021, the the most exported products were edible vegetables, roots & tubers (30%), oil seeds and oleaginous fruits (20%), edible fruits and nuts, and preps. of vegetables, fruits nuts and plants (12%).

C. INTERNATIONAL TRADE

Since 1990, there's been an ongoing process of harmonization of the Albanian customs regulations with the EU system. Thus, imports and exports of commodities are generally not subject to special authorization requirements. In addition, exports to the EU are not subject to any export taxes, fees or other barriers. Similarly, imports of goods from the EU are tax free. Albania joined the World Trade Organization (WTO) in 2000 and applied the WTO rules on import licensing. From 1999 to 2006, the Albanian exports to EU countries benefited from an asymmetric regime in the form of autonomous measures. Therefore, Albanian exports (both agricultural and industrial goods) were subject to various reductions and discounts on duties when entering the EU market [20].

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[20] PWC. (2012). Doing Business and Investing in Albania. https://www.pwc.com/al/en/assets/doing_business_in_albania_pwc2012.pdf

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[16] International Trade Administration. (2021, October 09). Albania - Country Commercial Guide. https://www.trade.gov/country-commercial-guides/albania-agricultural-sector-agr

[17] Workman, D. (2021). Albania's Top 10 Exports. Worlds to Experts. https://www.worldstopexports.com/albanias-top-10-exports/

[18] Halili, E. (2021). Trade in Region, Albania with positive balance only in Kosovo. Albanian Daily News. https://albaniandailynews.com/news/trade-in-region-albania-with-positive-balance-only-with-kosovo

[19] EU Commission Directorate-General for Agriculture and Rural Development (2022, March 16). AGRI-FOOD TRADE STATISTICAL FACTSHEET European Union - Albania. EU Commission. https://agriculture.ec.europa.eu/system/files/2022-04/agrifood-albania_en_0.pdf

FIGURE 1: STRUCTURE OF EU AGRI-FOOD TRADE WITH ALBANIA, 2011-2021

Albania has been enjoying important trade benefits with EU members since it signed and ratified the Stabilization and Association Agreement (SAA) in 2006. Albania has a free trade agreement (FTA) with Turkey and is a signatory to the Central European Free Trade Agreement (CEFTA), which includes North Macedonia, Montenegro, Kosovo, Moldova, Bosnia and Herzegovina, and Serbia. In June 2009, Albania also signed an FTA with the European Free Trade Association (EFTA), which includes Iceland, Liechtenstein, Norway, and Switzerland.

Albania – along with other Western Balkans countries – was identified as a potential candidate for EU membership during the Thessaloniki European Council summit in June 2003. The country is on the current agenda for future enlargement of the EU. It applied for EU membership on 28 April 2009 and has since June 2014 been an official candidate for accession. Throughout the past decades, Albania has oriented its economic attention towards the European market. The government has focused its efforts on approximating legislation and trade related actions to the European market.

STANDARDS COMPLIANCE ANALYSIS

A.
COMPLIANCE WITH REGULATIONS IN AGRI-FOOD TRADE

Albania has made some efforts to comply with international and regional standards and regulations, especially for the European market. Albania has specific institutions for standardization, metrology, and accreditation as well as providers of conformity assessment services (including product certification). In certain industries, such as processed foods, beverages, and pharmaceutical products, individual ministries or agencies issue sector-specific standards and certificates, but to a rather limited extent. For example, Albania has aligned the country's shellfish production safety criteria with the European Commission ones, both to protect consumer health and to support the Albanian shellfish trade sector. Albania has in general adopted standards published by **ISO** and **CEN** as Albanian National Standards, in line with **WTO/TBT principles**. Food legislation in Albania is mainly focused on safety issues and quality attributes of final products, which considers consumers' preferences. The General Directorate of Accreditation is recognized by the Albanian government as the single national accreditation body

to assess, in accordance with international standards, organizations which provide certification, testing, and inspection and calibration services as well as certified reference materials producers and proficiency testing providers[21].

Product certification is done on a voluntary basis, except in cases of exports and products that affect security, safety, and the environment, in which cases it is compulsory. Most required product certifications concern sanitary characteristics of foodstuffs and medicine. Certification of companies for Management Systems according to international standards requirements as well as certification of organic production schemes is performed by private bodies. Except for the organic production certification, which is done by a domestic certification body, the other product certifications are performed by foreign certification bodies. In total, the number of accredited conformity assessment bodies (CABs) is 95, of which 45 are testing laboratories, 4 medical laboratories, 1 calibration laboratory, 6 management system certification bodies, 11 persons' certification bodies, and 28 inspection bodies[22]. There is not a single product certification body that has been accredited by a national Albanian accreditation body.

Quality Infrastructure for Sustainable Development Index:

The Quality Infrastructure for Sustainable Development (QI4SD) Index, developed by UNIDO, provides a framework of indicators that summarizes the overall state of development of a country's and/or region's Quality Infrastructure (QI) readiness to support the Sustainable Development Goals (SDGs). Countries are grouped into GDP groups and within these groups, countries are then ranked based on their QI readiness to implement the SDGs. It's important to note that some of the ranking information relates to ranks within these groups and that even within the same GDP groups, countries vary considerably in size and other growth indicators. The data from the INetQI organizations was collected from February to June 2021. However, the data year might differ from the year of collection as these organizations have different timeframes to update their own information.

QI is a multidimensional concept and is decomposed into the following five dimensions that are captured with 36 indicators from combined data sources: Metrology, Standardization, Conformity assessment, Accreditation, and Policy. Albania has a QI4SD Index score of 43.4 placing it in the 55th position for the countries assessed. With regard to the five dimensions, Albania has a value of 23.1 for Metrology, 35.4 for Standardization, 1.8 for Conformity assessment, 70.3 for Accreditation, and 86.5 for Policy.

Strengths	Dimension	Rank	Value	Unit
Adopted IEC standards	Standards	9	285	Number
Adopted ISO standards	Standards	17	16	Number
Scopes of IAF accreditation bodies	Accreditation	38	7	Number

The report identified the following weaknesses which Albania should focus on improving:

Weaknesses	Dimension	Rank	Value	Unit
Number of recognised certificates (IQNet)	Conformity	79	79	Number
Number of recognised certificates (ISO)	Conformity	98	603	Number
Participation in ISO technical committees	Standards	130	6	Number

Within its GDP group, Albania ranked on the three pillars of sustainable development (people, prosperity and planet) as follows:

P–Scores

Prosperity — Rank: 7/64
Planet — Rank: 12/64
People — Rank: 12/64

More details about the QI4SD Index can be found at https://hub.unido.org/qi4sd/.

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[21] Commission Européenne. (2020, October 6). Principales conclusions du rapport 2020 sur l'Albanie. https://neighbourhood-enlargement. ec.europa.eu/system/files/2020-10/albania_report_2020.pdf

[22] United Nations Industrial Development Organization. (2021). Global Quality and Standards Programme. Albania Boosting Competitiveness with quality & standards. Value Chain Assessment.
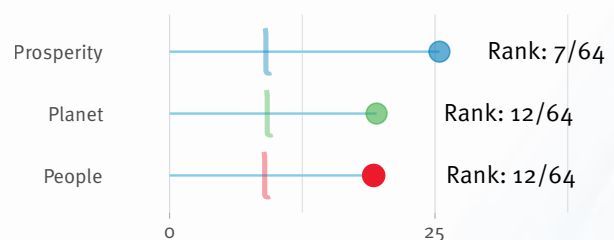
B. REJECTION ANALYSIS

Sanitary and phyto-sanitary standards are measures aimed at protecting the safety and health of consumers and complying with these standards applies to both domestic products as well as exports. When food and feed products get rejected at the borders, the consequences can be extremely dire and costly. The total cost of these rejections includes the loss of the export products as they're usually destroyed by the importing country, the loss of transportation costs, freight and insurance, and any other related costs. In addition to the earnings loss, rejections damage the country's reputation, and the importing country may lose trust in the quality and safety of products coming from the export country; thus reducing the third country's export competitiveness in the long term. Exporters may also need to sell the product at a discounted price to account for the risk and exporters risk joining the list of producers facing reinforced checks (as in the case of exports to the EU)[25].

Aggregate rejection rate:

The Aggregate Rejection Rate (ARR) is the simple sum of the annual number of rejections over the study period. Increases in the number of rejections can reflect both increases in the volume of exports and in the rate of non-compliance to product quality and safety standards and regulations. While we are using the ARR to compare how well Albania's food exports are performing in the various markets, it's important to note that each country can apply different approaches to inspection. For instance, the US data rejection excludes meat, poultry, and their products.

Although analyzing border rejection data proves quite useful in determining some of the causes of non-compliance to food safety standards, it's important

to use caution and keep in mind that it's not the only indicator of non-compliance. For instance, if a certain food and feed product cannot get exported due to an inability to access a certain market for non-compliance reasons, it will not be included in the border rejections data set that's being analyzed (as no exports means no rejections). Accordingly, this analysis should ideally be used hand-in-hand with other sets of data and indicators to get a broader picture of the short-term and long-term issues plaguing the quality infrastructure landscape of a specific country.

Table 2 and **Figure 2** show that during the period of 2010 – 2020 more than half of the total share of rejections (58%) came from the EU-28 market while China accounted for a third of them (31%). As the exports of agri-food products with the EU amount to 87% of the total Albanian food exports, this high rate of 58% makes sense. The American market covers the remaining share of rejections (11%). It can be noted that the aggregate number of rejections for food and feed Albanian exports to the three markets has remained fairly stable during the period of 2010 – 2020, except for some increases in 2014 and 2018. This is considered a remarkable feat that deserves to be acknowledged and commended as the number of exports has increased during that decade.

Figures 3 and **4** demonstrate that the number of rejections for the European and Chinese markets have fluctuated a lot, with major peaks in 2018 and 2019 for the European market and in 2014 and 2018 for the Chinese one (Figure 4). Thankfully, in 2020, Albania was able to bring down the number of rejections from the EU-28 market, a major achievement as the EU market remains by far the most important importer of food and feed Albanian products. In contrast, the number of rejections for the American market has been low and stable.

Table 2 and **Figure 4** show that rejections from the EU- 28 market have fluctuated during the 2010 to 2020 period. In addition, according to **Figure 4**, we note that its share of total rejections has actually decreased significantly during the studied period (100% in 2010 versus 50% in 2020). One reason for this is that Albania may not have been exporting its food products to the other markets in 2010, hence no rejections could be registered from those markets. For the Chinese market, there was a peak in the share of total rejections in 2016, with China accounting for 100% of rejections that year. However, the actual number of rejections is really low (1). In the following sections, we will investigate further

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[25] Kareem, F. O., Brümmer, T. L., & Martinez-Zarzoso, I. (2015). Food safety standards, compliance and European Union's rejection of African exports: The role of domestic factors. GlobalFood Discussion Papers, 74.https://www.econstor.eu/bitstream/10419/121845/1/837623928.pdf

TABLE 2: AGGREGATE NUMBER OF REJECTIONS HS1-23 FOOD AND FEED ALBANIAN EXPORTS DURING 2010 – 2020

Markets	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	%
Australia	0	0	0	0	0	0	0	0	0	0	0	0	**0%**
China	0	0	0	1	10	2	1	1	5	0	0	20	**31%**
EU-28	2	5	0	2	4	4	0	4	7	8	1	37	**58%**
Japan	0	0	0	0	0	0	0	0	0	0	0	0	**0%**
USA	0	0	0	0	4	0	0	0	1	1	1	7	**11%**
Total	2	5	0	3	18	6	1	5	13	9	2	**64**	**100%**

these fluctuations and find out if the high number of rejections is related to the increase in exports or if there are other reasons that led to a rise in non-compliance to food quality and safety standards.

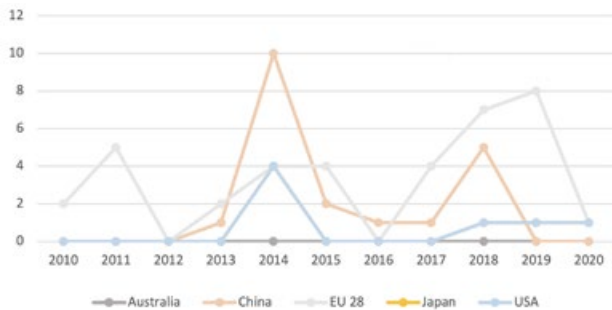FIGURE 2 : EVOLUTION OF ARR BY MARKET, 2010 - 2020

FIGURE 3 : GLOBAL NUMBER OF REJECTIONS FOR ALL MARKETS, 2010 - 2020
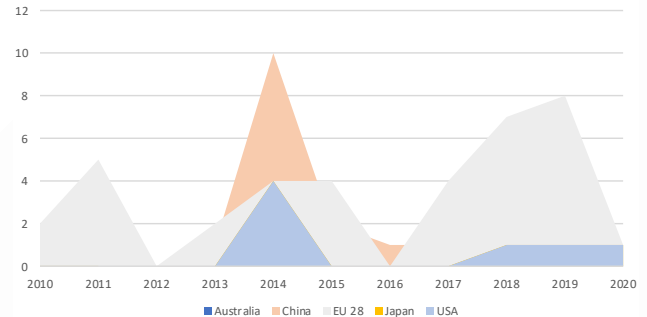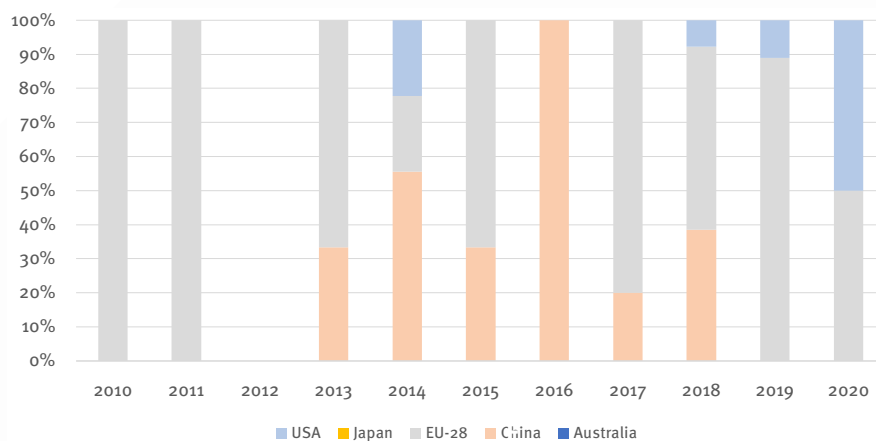

FIGURE 4 : SHARE OF REJECTIONS FOR ALBANIAN FOOD AND FEED EXPORTS BY MARKET, 2010 - 2020

As there were no rejections recorded for the Australian and Japanese markets during the period of 2010 to 2020 for Albanian food and feed exports, we will not be discussing these two markets any further and will instead focus our analysis on the European, American and Chinese markets.

Unit rejection rate:

The Unit Rejection Rate (URR) is defined as the number of rejections per US$ 1 million of imports. The colored charts represent the URR for Albania over the period of 2010 to 2020 for HS1-23 food and feed products for a specific market. Albania's URR (the colored line) is being compared with the average URR for the World Bank income bracket to which Albania belongs to, which is the upper-middle income level (the grey line). The URR indicator accounts for changes in the volume of exports such that it provides a direct measure of the rate of non-compliance. A higher URR shows a higher rate of non-compliance of Albania with regard to food safety and quality regulations.

FIGURE 5: URR FOR ALBANIAN HS 1-23 FOOD AND FEED EXPORTS FOR THE 3 MARKETS, 2010 - 2020
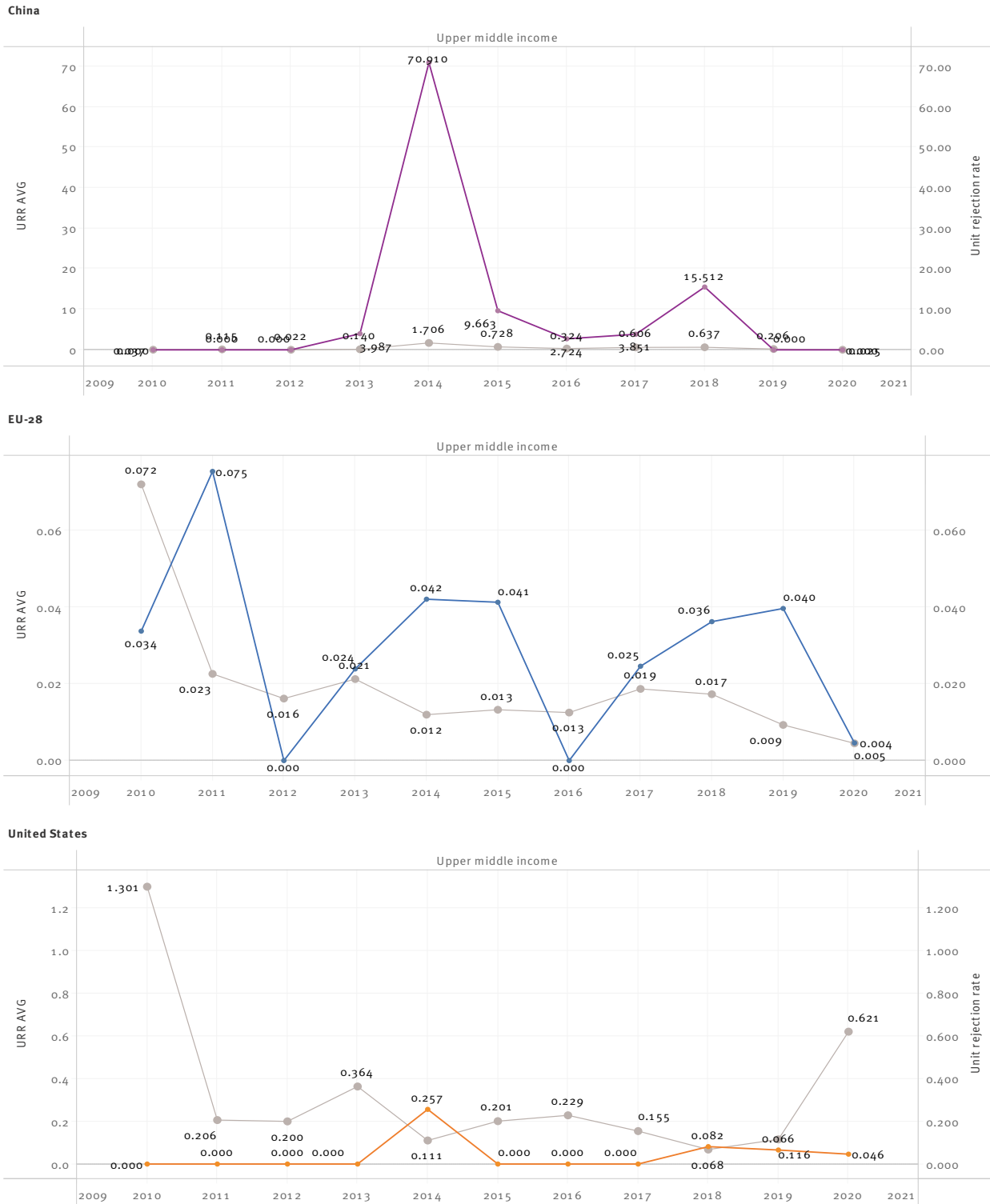
According to **Figure 5**, Albania's URR in the European market for food and feed products fluctuated between 0 and 0.08 during the period of 2010 – 2020 with an average of 0.028, which means that for every US$ 100 million of imports from Albania to the EU-28, there was about three rejections. This rate is low and correlates with the average URR of all upper-middle income countries as classified by the World Bank. This indicates that Albania has made significant efforts to comply with the European food safety and quality regulations. In the Chinese market, the URR was pretty low between 0.02 and 0.3 during 2010 to 2013. However, Albania's URR in the Chinese market experienced huge increases in 2014 (70.910), 2015 (9.66) and 2018 (15.512). These peaks correspond to an increase in the overall number of rejections over the period of 2010 to 2020. For instance, in 2014 there were 70 rejections for every US$ 1 million of imports from Albania to China. As China may have been a new export market for Albania, it probably took a couple of years for Albanian food exports to comply with the Chinese food safety regulations. For the American market, Albania's URR is stable and lower than the average URR for all upper-middle income countries, except in 2014 (0.257).

Relative rejection rate indicator:

The bar charts in **Figure 6** display the distribution of the Relative Rejection Rate (RRR) (log ratio) across markets for Albania for H1-23 food and feed export products in 2020. The RRR shown (log ratio) is the natural logarithm of the ratio of Albania's share of total rejections to share of total imports. The indicator provides a convenient measure of the performance of countries relative to one another in a year or over a period of time. A higher RRR (log ratio) for Albania implies poorer performance with regard to food safety and quality standards in that market relative to other markets.

TABLE 3: RRR FOR HS1-23 FOOD AND FEED ALBANIAN EXPORTS IN 2020

| China		EU-28		United States	
Median	Albania	Median	Albania	Median	Albania
0.541	**N/A**	- 1.031	**-1.271**	0.858	**0.621**

The RRR as shown in **Figure 6** and **Table 3** is lower for Albania in the European and the American markets than the median RRR for all countries. This implies a better performance on average with respect to food safety and quality regulations in those markets. As the RRR is currently not available for the Chinese market, an analysis can't be provided at this time.

B. REASONS FOR REJECTION

Frequency of reasons for rejection:

The frequency of reasons for rejections is the total counts of consignments rejected at the border of entry for a particular reason. Examples of possible reasons for rejection include labeling, hygienic condition, adulteration, missing document, additive, bacterial contamination, pesticide residues, veterinary drugs residues, mycotoxins, heavy metal, and packaging. The "aggregate frequency of reasons of rejections" can be different from "aggregate number of rejections" as a single consignment can be rejected on multiple grounds. To analyze the reasons for border rejections, we need to select a specific year.

FIGURE 6: RRR INDICATOR (RRR) FOR HS1-23 FOOD AND FEED ALBANIAN EXPORTS IN 2020
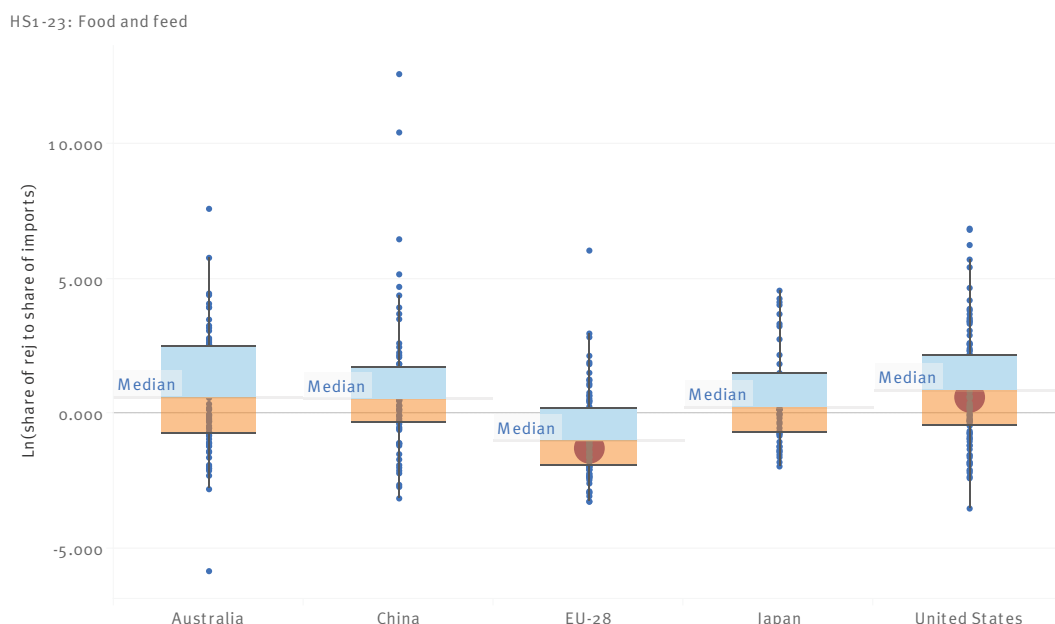
General reasons for rejection:

TABLE 4: FREQUENCY OF REASONS FOR REJECTION (NUMBER & %) OF HS1-23 FOOD & FEED ALBANIAN EXPORTS FOR 3 MARKETS IN 2020

Albania	China		EU-28		US		Total	
	Numbers	%	Numbers	%	Numbers	%	Numbers	%
Additive	1	5%	0	0%	2	11%	3	4%
Adulteration / missing document	6	27%	0	0%	0	0%	6	8%
Bacterial contamination	1	5%	5	14%	4	22%	10	13%
Heavy metal	0	0%	0	0%	0	0%	0	0%
Hygienic condition / controls	2	9%	6	16%	0	0%	8	10%
Labeling	6	27%	0	0%	11	61%	17	22%
Mycotoxins	0	0%	0	0%	0	0%	0	0%
Other contaminants	0	0%	5	14%	0	0%	5	7%
Other microbiological contaminants	2	9%	2	5%	0	0%	4	5%
Others	2	9%	1	3%	0	0%	3	4%
Packaging	2	9%	0	0%	0	0%	2	3%
Pesticide residues	0	0%	18	49%	0	0%	18	23%
Veterinary drugs residues	0	0%	0	0%	1	6%	1	1%
Total	**22**	100%	**37**	100%	**18**	100%	**77**	100%

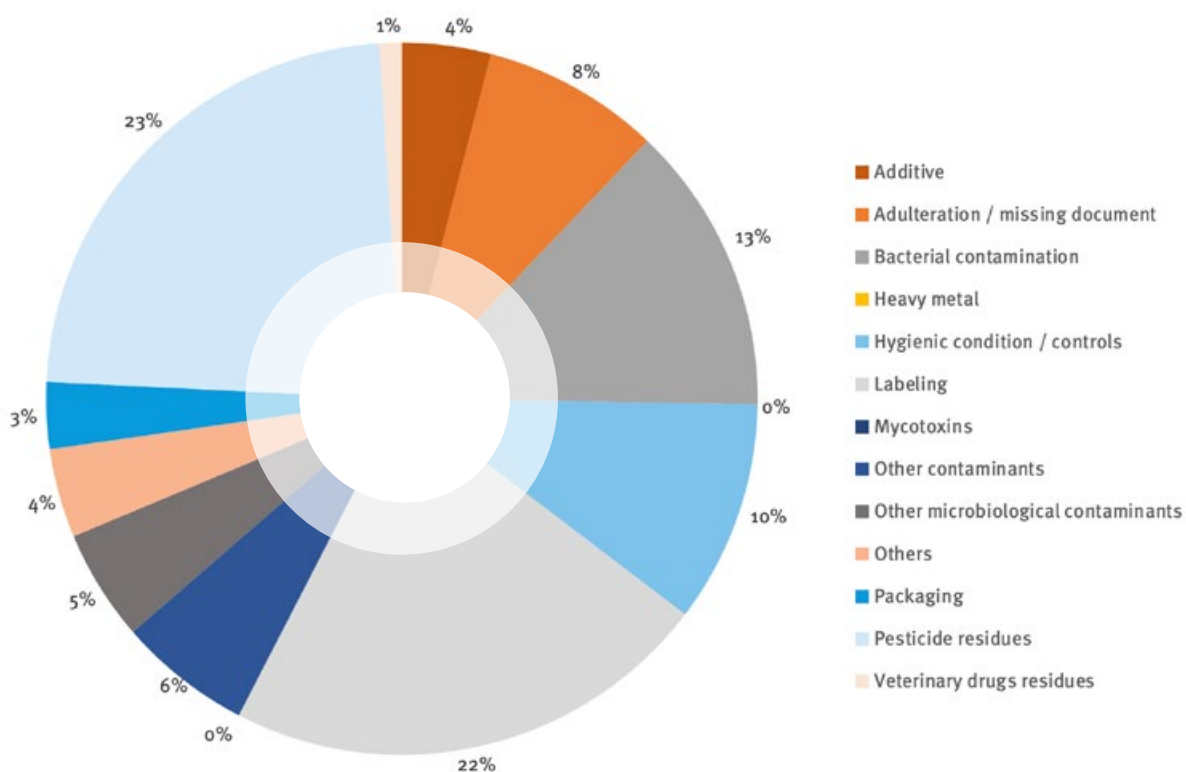FIGURE 7: AGGREGATE FREQUENCY OF REASONS FOR REJECTION (%) FOR FOOD & FEED HS1-23 ALBANIAN EXPORTS FOR 3 MARKETS IN 2020

Figure 7 and Table 4 show the aggregate frequency of reasons of rejections of food and feed products exported from Albania into the three markets in 2020 (the year 2020 was selected as it's the most recent currently available year in the data set). The frequency of reasons for rejection is the total counts of consignments rejected at the border of entry for a particular reason. This indicator helps exporting countries identify areas of capacity building (solving key reasons for rejection) to attain or improve international trade standards compliance. The main causes of rejections for Albania are pesticide residues (23%) and labeling (22%). Other causes are: bacterial contamination (11%), hygienic condition/controls (10%) and adulteration / missing document (8%).
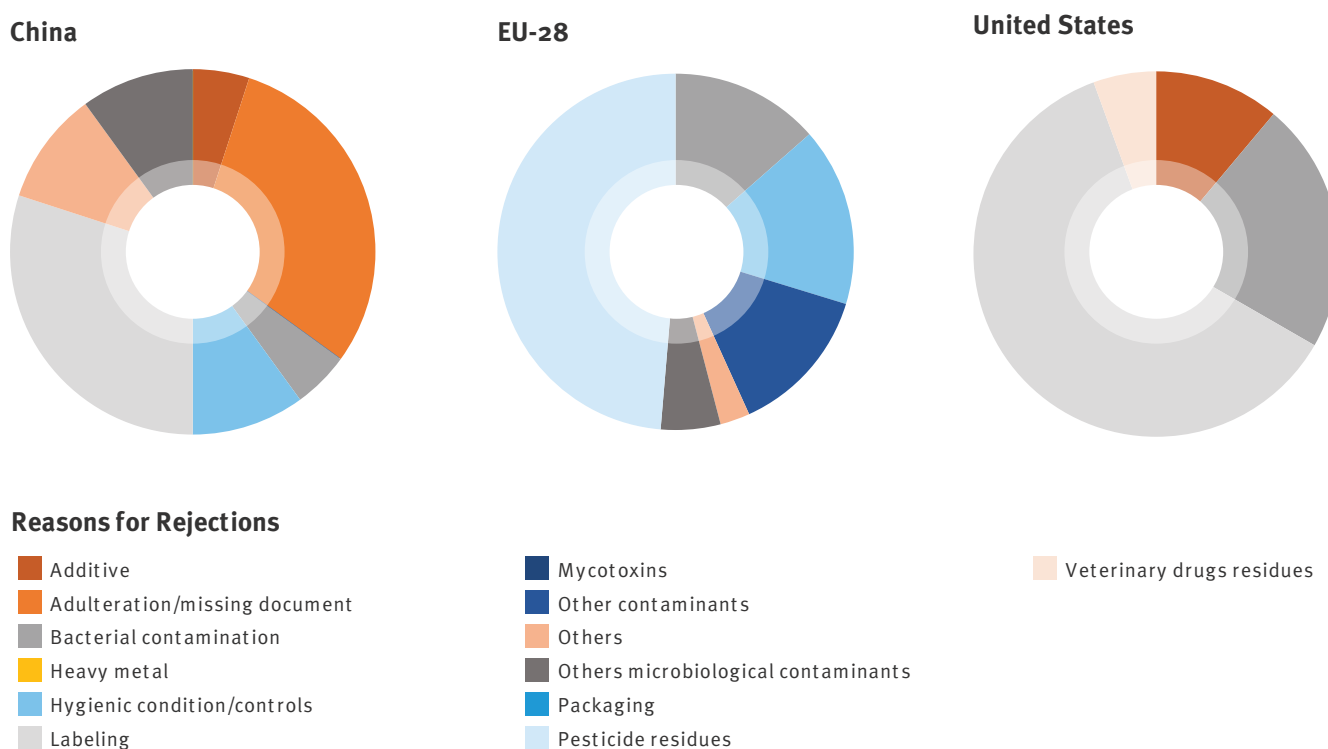
Reasons for rejection by market:

Figure 8 illustrates the reasons for rejection of Albanian food and feed products in each of the main markets.

Figure 8 and Table 4 demonstrate that for the American market, the most common reasons for rejection of food and feed Albanian exports in 2020 were labeling (61%), bacterial contamination (22%), and additive (11%). The U.S. Department of Agriculture inspectors and the Food and Drug Administration oversee the production on U.S. soil of more than 80% of foodstuffs - fish, seafood, produce, and dairy products. The measures enforced by the USDA and FDA cost a total of $2 billion (2019). This high price tag is justified by the excellent performance of the US inspection regime. Albania must therefore strengthen its capacity to export agricultural products that do not present any risk of labeling. In the US market, almost two third of the rejections in 2020 were caused by labeling and more than one fifth of the rejections were caused by bacterial contamination. The ripening process and the spoilage or pathogenic microorganism proliferation must be monitored in order to ensure the quality and safety of the produce.

In the Chinese market, the most recurrent reasons for rejections were labeling (30%), adulteration/ missing document (27%) followed by three other reasons which have an equal share of the pie (9%): others, packaging, and other microbiological contaminants. Finally, in the EU-28 market, the most common reasons for rejections in 2020 were pesticide residues (49%), hygienic condition/controls (16%), bacterial contamination (14%), and other contaminants (14%).

FIGURE 8: FREQUENCY OF REASONS FOR REJECTION (%) FOR FOOD & FEED HS1-23 ALBANIAN EXPORTS BY MARKET IN 2020

China   EU-28   United States

Reasons for Rejections

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

C. COMPARATIVE ANALYSIS
Country comparison

TABLE 5: MAIN INDICATORS OF THE 3 COUNTRIES – ALBANIA, CROATIA AND BOSNIA

	Albania	Croatia	Bosnia
GDP in billion USD – 2021	18.26	67.84	22.57
Total population in million - 2021	2.8	3.9	3.3
GDP per capita in USD – 2021	6,494	17,399	6,916
Percentage of GDP added by Agriculture Forestry Fishery - 2019	18.6%	2.8%	6.1%
Human Development Index - 2021	0.796	0.858	0.780
3-year Average Value in Food Production (2015-2017 ; unit: $1 per capita)	312	243	179
Logistics Performance Index (Overall) - 2018	2.66	3.10	2.81
Food Safety Index – 2017	33	87	93
Percentage of population employed in agriculture – 2019	36.42%	6.19%	17.96%
Main exported agricultural products – 2020	Tomatoes, watermelons, cucumbers	Maize, wheat, soybeans, tobacco, sea bass, bream	Sunflower seeds, cotton oil, fruit and nuts, bread, meat
Main trading partners – 2020	Italy, Greece, Germany, Turkey, China	Germany, Italy, Slovenia, Bosnia	Germany, Italy, Serbia, Croatia, China

TABLE 6: AGGREGATE NUMBER OF REJECTIONS HS1-23 FOOD AND FEED EXPORTS DURING 2010 – 2020

Aggregate Rejection Rate:

The Aggregate Rejection Rate is shown for Albania, Croatia and Bosnia in **Table 6**.

Albania

Markets	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	%
China	0	0	0	1	10	2	1	1	5	0	0	20	**31%**
EU-28	2	5	0	2	4	4	0	4	7	8	1	37	**58%**
USA	0	0	0	0	4	0	0	0	1	1	1	7	**11%**
Total	2	5	0	3	18	6	1	5	13	9	2	**64**	**100%**

Croatia

Markets	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	%
Australia	2	1	2	1	0	6	1	0	5	5	1	24	**15%**
China	1	2	3	0	7	1	0	0	0	0	0	14	**9%**
EU-28	18	11	7	11	3	9	6	3	6	16	7	97	**61%**
USA	0	6	0	1	0	2	1	1	1	0	11	23	**15%**
Total	21	20	12	13	10	18	8	4	12	21	19	**158**	**100%**

Bosnia

Markets	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	%
Australia	0	0	0	0	4	0	1	0	0	0	0	5	**9%**
China	0	0	0	0	0	0	0	3	0	0	0	3	**5%**
EU-28	4	1	1	7	3	3	2	9	2	1	1	34	**61%**
USA	0	1	0	3	1	0	2	0	0	0	7	14	**25%**
Total	4	2	1	10	8	3	5	12	2	1	8	**56**	**100%**

Table 6 illustrates that the European border rejections have the highest share of all rejections in the five markets during the 2010 to 2020 period for Albanian (58%), Croatian (64%), and Bosnian (61%) exports. As the EU is the main trading partner for food and feed exports for the three countries, it's important that they continue to focus on improving their compliance to the European food safety and quality regulations. Unlike Croatia and Bosnia, Albania has a large share of border rejections in the Chinese market (31%) and should focus on reducing them. For the other two countries, border rejections for goods entering the American market represent a moderate share of rejections (15% for Croatia and 25% for Bosnia). As there were no rejections recorded for the Japanese market for Croatian and Bosnian food exports, Japan was excluded from this analysis and subsequent ones.

Based on **Figure 9**, Albania and Bosnia have experienced a similar evolution in the rate of the total number of rejections in the five markets during 2010-2020: a low number of rejections with a couple of peaks (in 2014, 2018 and 2019 for Albania and in 2013, 2014 and 2017 for Bosnia). In contrast, Croatia has had a stable number of rejections over the past decade, from 21 in 2010 to 18 in 2020. As the number of exports has surely increased, this means Croatia has made efforts in improving its compliance with quality standards. Finally, the three countries have virtually no food and feed exports to Japan, which explains the absence of any rejections in the Japanese market.

FIGURE 9: SHARE OF REJECTIONS FOR FOOD AND FEED EXPORTS BY MARKET, 2010 - 2020
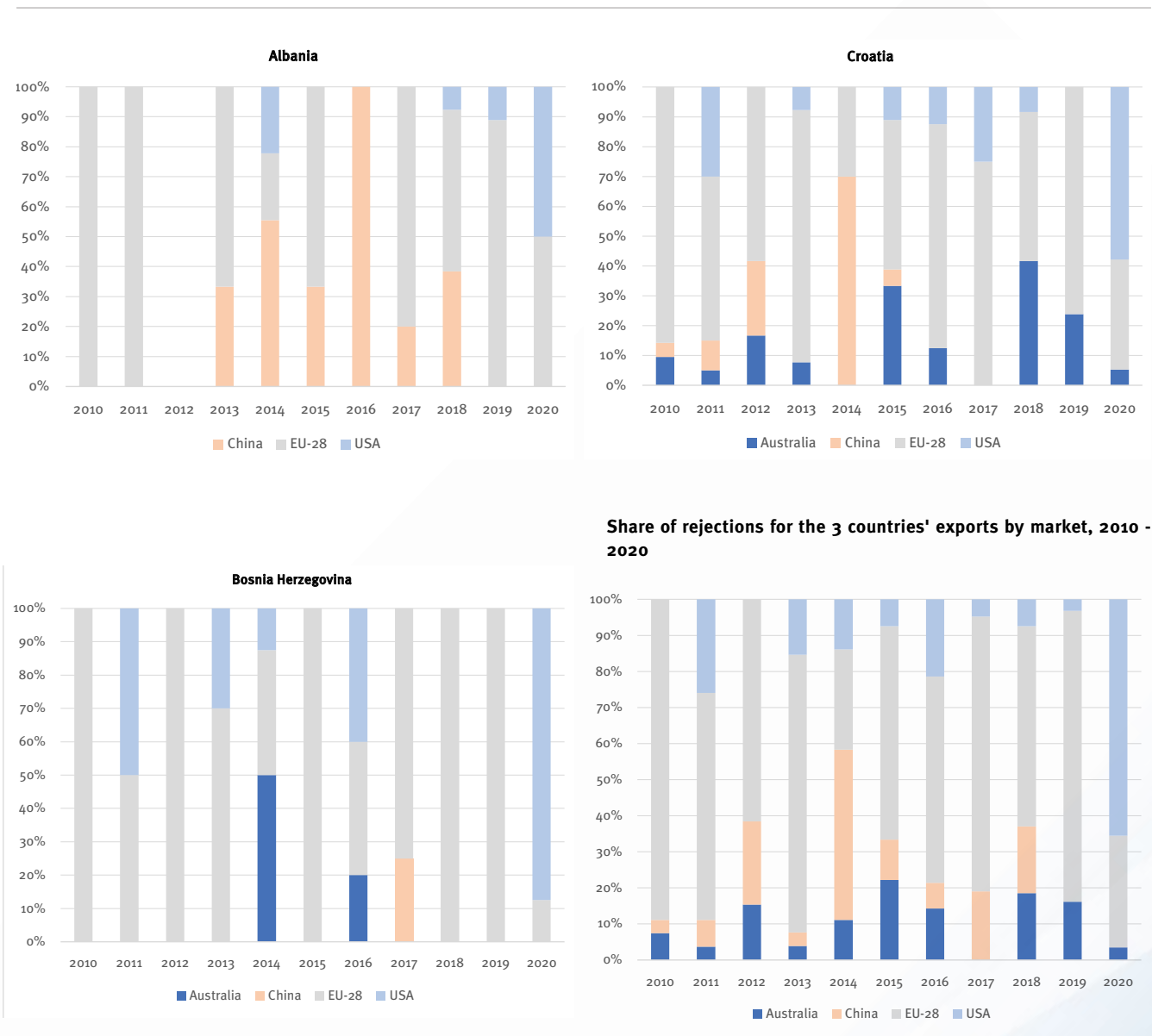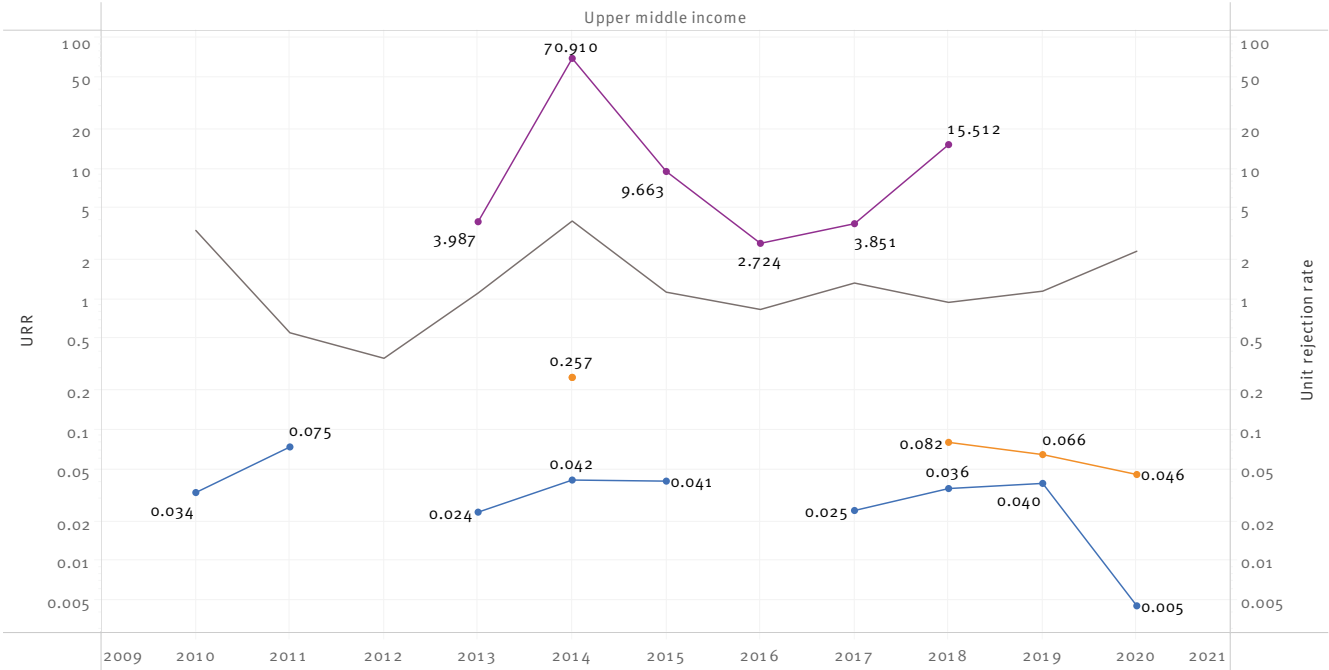
Unit Rejection Rate:

The Unit Rejection Rate (URR) is defined as the number of rejections per US$ 1 millions of imports. The URR indicator accounts for changes in the volume of exports such that it provides a direct measure of the rate of non-compliance.
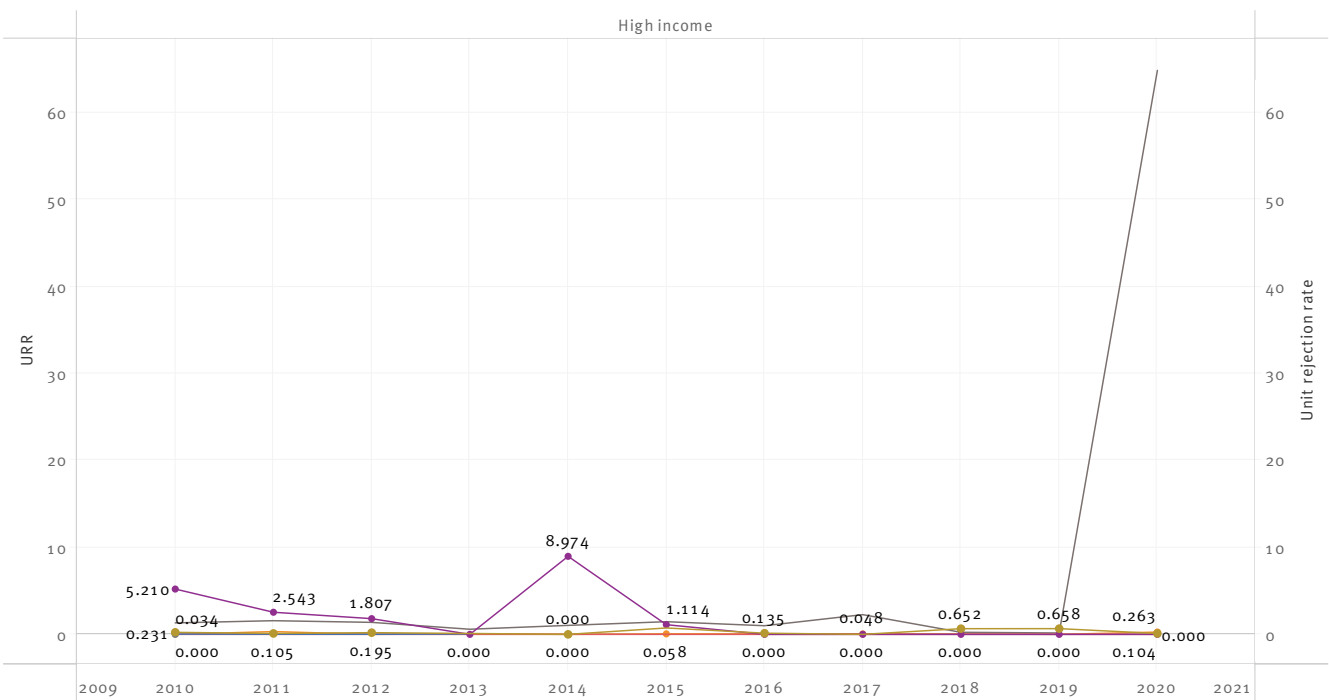
The URR is shown for Albania, Croatia and Bosnia in Figure 10.

FIGURE 10: URR FOR HS 1-23 FOOD AND FEED EXPORTS TO THE 5 MARKETS, 2010 - 2020
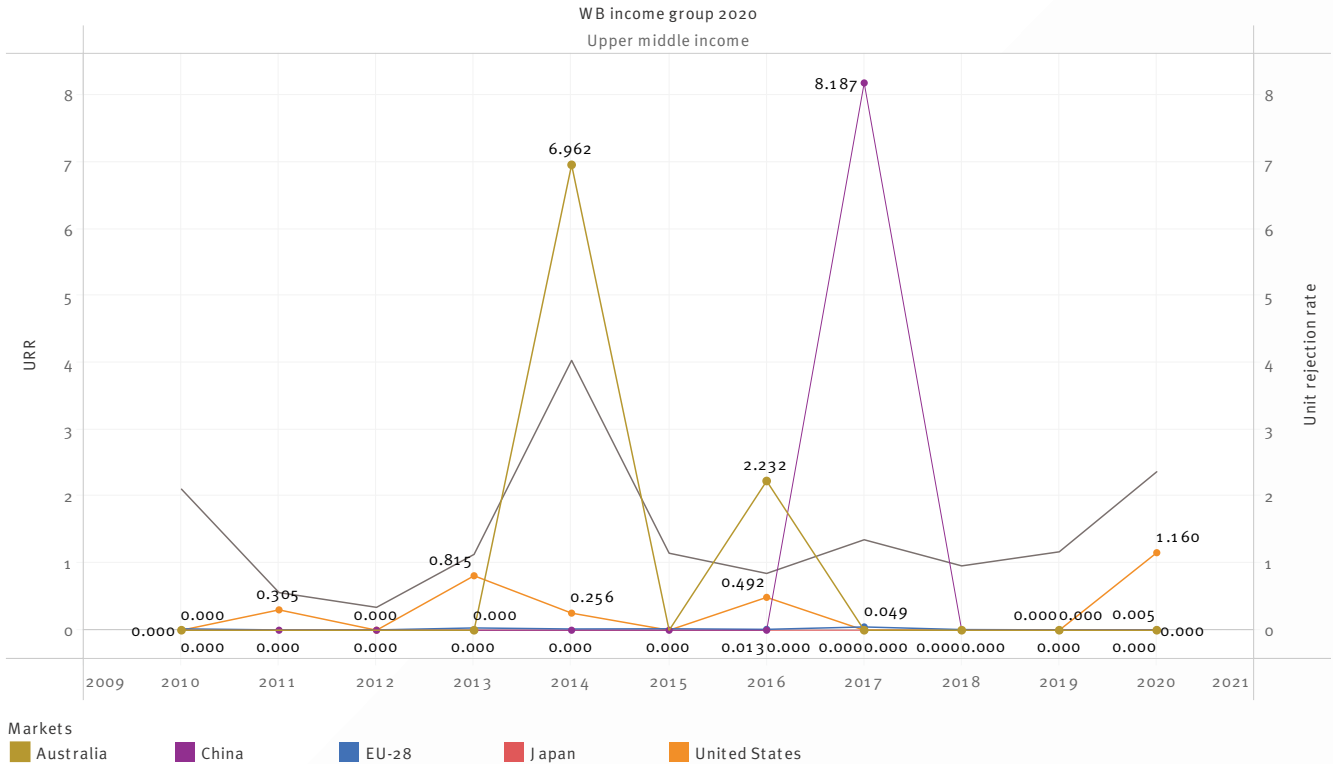
Albania

Croatia

Markets
Australia   China   EU-28   Japan   United States

WB income group 2020
Upper middle income

URR

Unit rejection rate

8.187

6.962

2.232

1.160

0.815

0.305

0.492

0.256

0.049

0.005

0.000   0.000   0.000   0.000   0.000   0.000   0.000   0.000

0.000   0.000   0.000   0.000   0.000   0.000   0.013   0.000   0.000   0.000   0.000   0.000   0.000   0.000

2009   2010   2011   2012   2013   2014   2015   2016   2017   2018   2019   2020   2021

Markets
▮ Australia   ▮ China   ▮ EU-28   ▮ Japan   ▮ United States

Per **Figure 10,** Croatia has a lower URR in the five major markets (golden brown curve for Australia, purple for China, blue for the EU-28, red for Japan and orange for the US) than the average URR for upper middle-income countries. On the other hand, Albania's URR in the Chinese market is much higher than the average URR of upper-middle income countries and should be investigated further. By contrast, Albania's URR in the EU-28 and US markets are well below the average URR for upper-middle income countries. As for Bosnia, it needs to work on improving its URR values in the Australian and Chinese markets as they had some peaks which were higher than the average URR of upper-middle income countries.
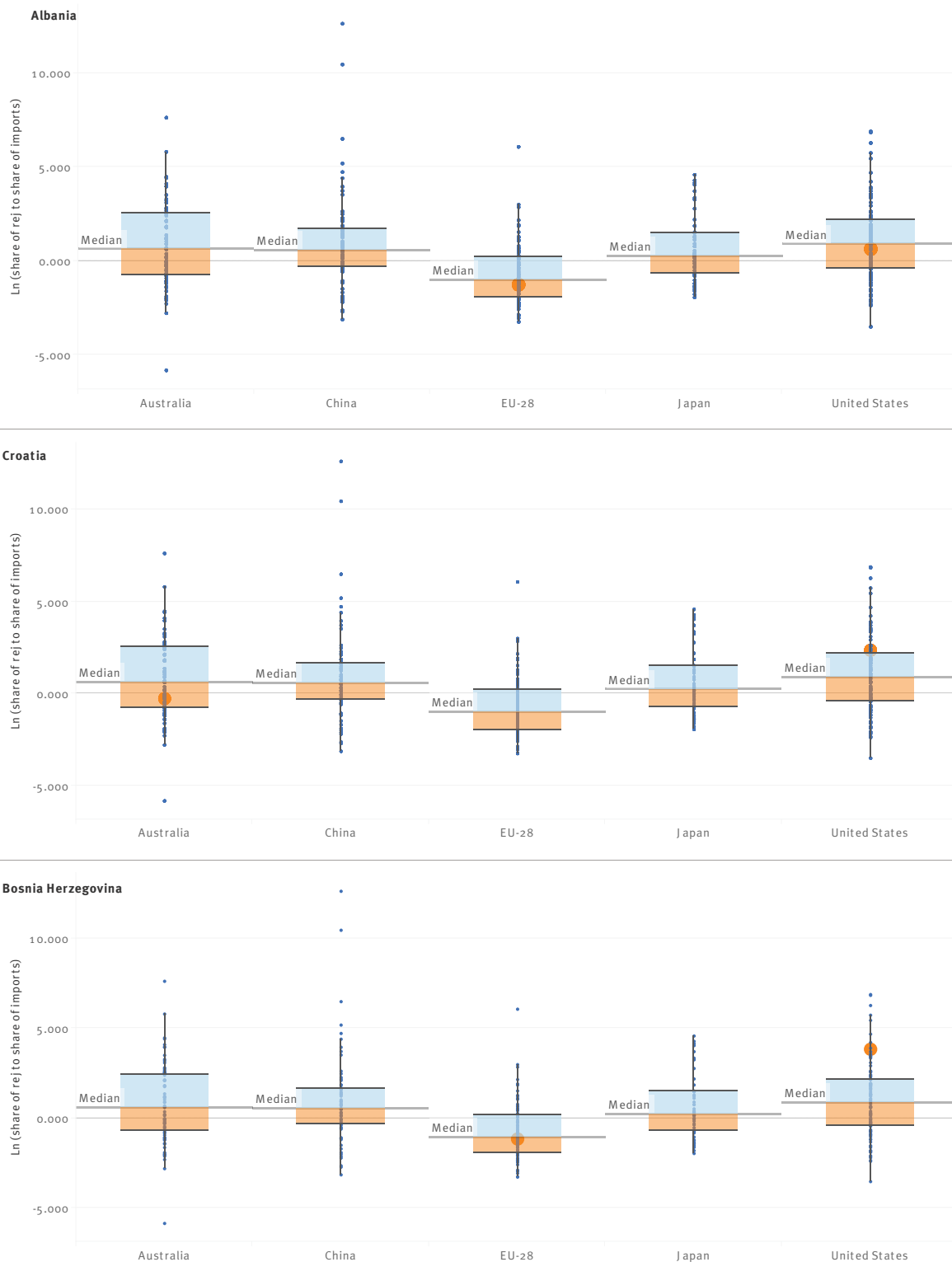
Relative rejection rate indicator:

The bar charts in **Figure 11** display the distribution of the Relative Rejection Rate (log ratio) across markets for the exporting countries (Albania, Croatia, and Bosnia) for H1-23 food and feed export products in 2020. The Relative Rejection Rate (RRR) shown (log ratio) is the natural logarithm of the ratio of a country's share of total rejections to share of total imports. The indicator provides a convenient measure of the performance of countries relative to one another in a year or over a period of time. A higher RRR (log ratio) for a country implies poorer performance with regard to food safety and quality standards in that market relative to the other markets.

Figure 11 shows that in the EU-28 market and the American market the Albanian RRR is lower than the median in each market, which means that Albania is performing on average better than other countries. In addition, Albania has performed a lot better than both Croatia and Bosnia in the American market with an RRR of 0.621 as opposed to Croatia (RRR = 2.358) and Bosnia (RRR = 3.841). Albania also outperformed Bosnia slightly in the European market. As the RRR is not currently available for the other three markets for the three countries, we can't provide an analysis at this time.

Relationship between the natural logarithm of share of rejections to the natural logarithm of share of imports:

The scatterplot in **Figure 12** presents the relationship between the natural logarithm of share of rejections to the natural logarithm of share of imports for the HS1-23 food and feed products for 2020 for a given market. In the scatterplot, exporting countries are identified using ISO two-letter abbreviation codes. In addition, the countries above the 45-degree line are considered worse performers {i.e., In(share of rejections) is greater than In(share of imports)} than those below the line, as their In(share of rejections) is less than In (share of imports).
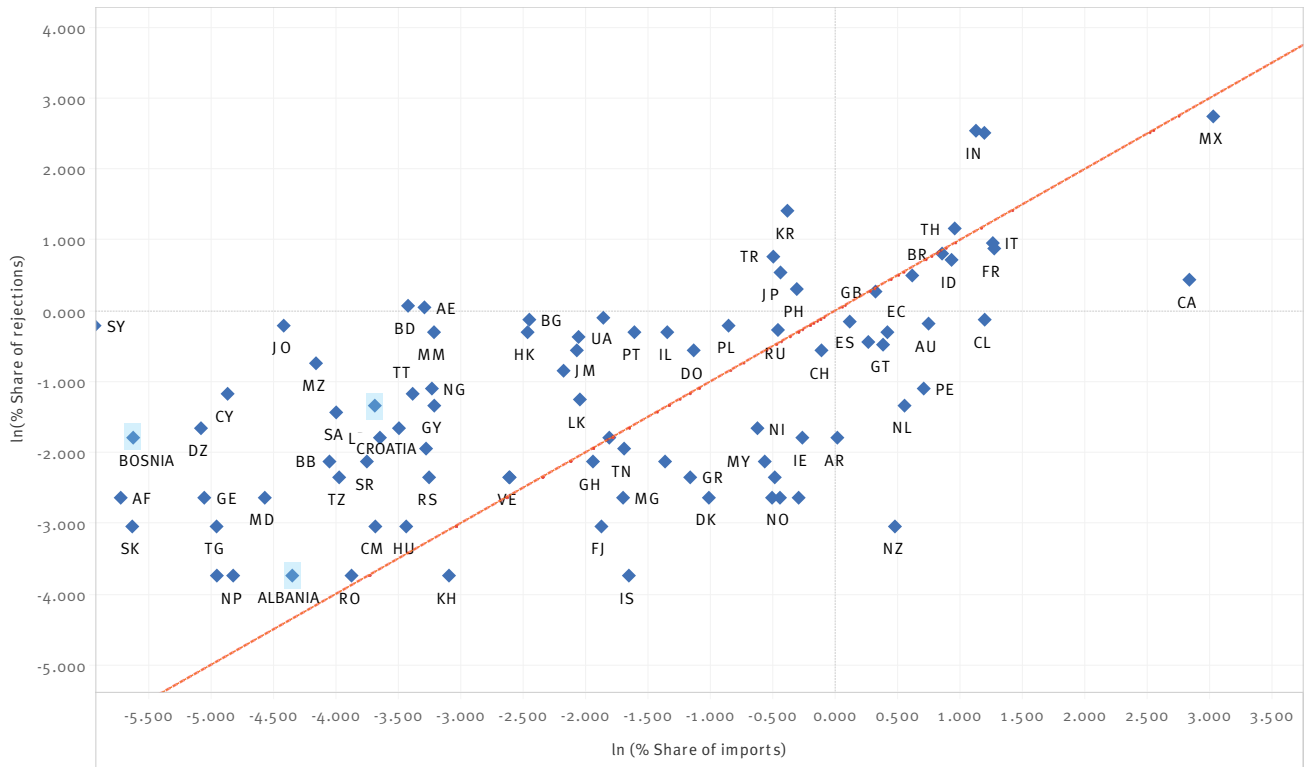
US MARKET

Figure 12 demonstrates that both Albania and Bosnia performed well in the European market, as they lied below the 45-degree line and their ln(share of rejections) was less than their ln(share of imports). This good performance unfortunately doesn't extend to the American market, in which all three countries performed poorly with their ln(share of rejections) being greater than ln(share of imports). Thus, as mentioned above, Albania, Croatia and Bosnia Herzegovina should increase their efforts to reduce the rate of border rejections in the US market.

Reasons for rejection- comparative analysis:

TABLE 7: FREQUENCY OF REASONS FOR REJECTION (NUMBER & %) OF HS1-23 FOOD & FEED ALBANIAN EXPORTS FOR 3 MARKETS IN 2020

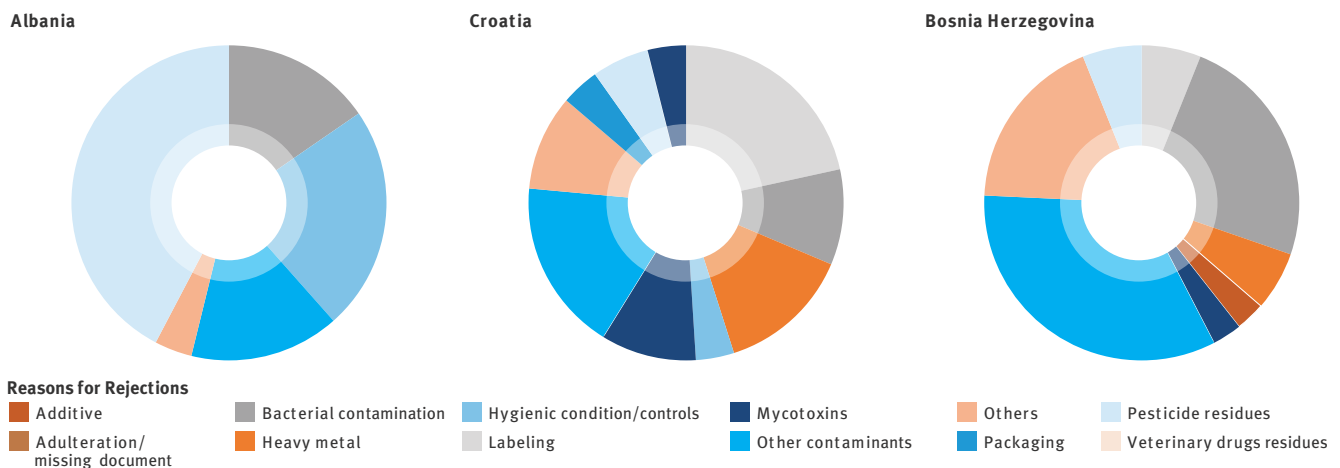| Albania	China		EU-28		US		Total	
	Numbers	%	Numbers	%	Numbers	%	Numbers	%
Additive	1	5%	0	0%	2	11%	3	4%
Adulteration / missing document	6	27%	0	0%	0	0%	6	8%
Bacterial contamination	1	5%	5	14%	4	22%	10	13%
Heavy metal	0	0%	0	0%	0	0%	0	0%
Hygienic condition / controls	2	9%	6	16%	0	0%	8	10%
Labeling	6	27%	0	0%	11	61%	17	22%
Mycotoxins	0	0%	0	0%	0	0%	0	0%
Other contaminants	0	0%	5	14%	0	0%	5	7%
Other microbiological contaminants	2	9%	2	5%	0	0%	4	5%
Others	2	9%	1	3%	0	0%	3	4%
Packaging	2	9%	0	0%	0	0%	2	3%
Pesticide residues	0	0%	18	49%	0	0%	18	23%
Veterinary drugs residues	0	0%	0	0%	1	6%	1	1%
Total	22	100%	37	100%	18	100%	77	100%

TABLE 8: FREQUENCY OF REASONS FOR REJECTION (NUMBER & %) OF HS1-23 FOOD & FEED CROATIAN EXPORTS FOR 3 MARKETS IN 2020

Croatia	China		EU-28		US		Total	
	Numbers	%	Numbers	%	Numbers	%	Numbers	%
Additive	3	21%	14	14%	1	1%	18	7%
Adulteration / missing document	0	0%	0	0%	6	4%	6	2%
Bacterial contamination	0	0%	12	12%	0	0%	12	5%
Heavy metal	0	0%	8	8%	0	0%	8	3%
Hygienic condition / controls	1	7%	3	3%	6	5%	10	4%
Labeling	8	57%	0	0%	120	90%	128	51%
Mycotoxin	0	0%	6	5%	0	0%	6	2%
Other contaminants	1	7%	13	13%	0	0%	14	6%
Other microbiological contaminants	0	0%	27	26%	0	0%	27	11%
Others	0	0%	10	10%	0	0%	10	4%
Packaging	1	7%	3	3%	0	0%	4	2%
Pesticide residues	0	0%	3	3%	0	0%	3	1%
Veterinary drugs residues	0	0%	3	3%	0	0%	3	1%
Total	14	100%	102	100%	133	100%	249	100%

TABLE 9: FREQUENCY OF REASONS FOR REJECTION (NUMBER & %) OF HS1-23 FOOD & FEED BOSNIAN EXPORTS FOR 3 MARKETS IN 2020

Bosnia Herzegovina	China		EU-28		US		Total	
	Numbers	%	Numbers	%	Numbers	%	Numbers	%
Additive	0	%	2	6%	0	0%	2	2%
Adulteration / missing document	3	100%	0	0%	41	66%	44	44%
Bacterial contamination	0	0%	8	23%	0	0%	8	8%
Heavy metal	0	0%	2	6%	0	0%	2	2%
Hygienic condition / controls	0	0%	0	0%	0	0%	0	0%
Labeling	0	0%	1	3%	17	27%	18	18%
Mycotoxin	0	0%	2	6%	0	0%	2	2%
Other contaminants	0	0%	11	31%	0	0%	11	11%
Other microbiological contaminants	0	0%	0	0%	0	0%	0	0%
Others	0	0%	6	17%	4	7%	10	10%
Packaging	0	0%	0	0%	0	0%	0	0%
Pesticide residues	0	0%	3	8%	0	0%	3	3%
Veterinary drugs residues	0	0%	0	0%	0	0%	0	0%
Total	**3**	**100%**	**35**	**100%**	**62**	**100%**	**100**	**100%**

FIGURE 13: AGGREGATE FREQUENCY OF REASONS FOR REJECTIONS FOR HS1-23 FOOD AND FEED EXPORTS FOR ALBANIA, CROATIA AND BOSNIA IN 2020

Albania   Croatia   Bosnia Herzegovina

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

According to **Tables 7 - 9** and **Figure 13**, the percentage of rejections due to labeling is quite high for all three countries (between 18 and 51% of the total rejections). Croatia has the highest rate at 51%, while Albania and Bosnia have similar rates of 22% and 18% respectively. An effort to improve labeling must be made for these three countries. The importance of food labels containing accurate product, nutritional value, and safety and health related information must be disseminated to consumers and to public authorities. Similarly, the number of rejections due to bacterial contamination is also somewhat elevated for Albania (13%). Albania has a reason for rejection, which Croatia and Bosnia seem to have overcome, which is pesticide residues (accounting for 23% of all reasons for rejection in the three markets and 49% of the reasons of rejection in the European market). On the other hand, Bosnia still struggles with adulteration / missing document, which represents 44% of the reasons of rejection in the three markets and could learn from Albania (8%) and Croatia (2%).

RECOMMENDATIONS

In the light of the global pandemic, the relevance of quality and standards has become apparent highlighting the need for adequate infrastructure and internationally recognized conformity assessment services. A shortening of global value chains could be an opportunity for Albania to leapfrog into global value chains and increase its exports towards the European market and globally. As the EU is currently the main partner of Albania accounting for a staggering 87% of exports of agricultural products, it is necessary for Albania to develop its infrastructure at a national level in order to ensure that European and international market requirements are met and that producers can prove that their products comply with international standards and technical regulations through the entire value chain from production to packaging, conservation, transport, export procedures, etc.

One of the challenges that Albania must overcome is the lack of competitiveness of the Albanian economy. This is due to a weakness of institutions and overall infrastructure, a lack of entrepreneurial and technical know-how, a low compliance capacity and limited access to competent quality infrastructure services which has affected the quality of the products produced. However, the Albanian government has made several attempts to improve the economic competitiveness of the agricultural sector. Specifically, an Agricultural Rural Plan was developed in 2020 to address the lack of compliance with environmental, food safety, and animal welfare standards in the agricultural sector. Based on the analysis of the border rejection data for Albanian food and feed exports as well as consultation with national stakeholders, public and private institutions, and development agencies, several recommendations can be made:

Strengthen the Quality Infrastructure System:

» **Standards promotion and development:** In order to reduce the number of export rejections, it is imperative to increase the compliance of farmers with international environmental and food safety standards by:

» Launching trainings, workshops, and coaching programs on standards, on the role of accredited conformity assessment activities and practical methodologies on how to implement standards. A large proportion of farmers in Albania lack knowledge about standards and the role of accreditation;

» Introducing success stories to farmers and farmers' associations in order to stimulate their interest in taking an active part in the national work on drafting/adopting standards. Active participation in DPS Technical Committees keeps them up to date with what happens to standards in their field and may encourage them to provide proposals for standards of domestic products.

» **Pesticide residue monitoring:** One of the main causes of rejection of Albanian agricultural products is pesticide residues. This is due to the lack of national analytical capacity to detect pesticides in fruits and vegetables. Albania has the necessary logistics, testing laboratories, and basic equipment to conduct testing analysis but the staff often lack the necessary skills to perform internationally recognized tests. Free training and retraining programs could be offered to testing and calibration laboratories' staff in order to upgrade the technical skills of their laboratory personnel. Furthermore, supporting the testing and calibration laboratories to get accredited to important

standards such as ISO/IEC 17025 and improving the legal and institutional framework, control and monitoring, quality infrastructure, and conformity assessment services to better respond to the EU and other trading partner' requirements on safety and quality standards should be considered.

Enhance industry compliance, competitiveness and sustainability:

» **Compliance with labeling requirements:** Labeling represents 23% of the causes of rejection of exports of Albanian food and feed products. Labeling is the most important way to present information about a product to a consumer. Labels can be mandated from governments and will include basic information about a product, such as the list of ingredients, net quantity, country of origin, name of manufacturer/importer, expiry date, etc. Labels may also include health and safety information, such as instructions for safe handling, storage conditions, nutritional value, etc.[24] For the nutritional value, it is recommended to use the nutritional labeling system with a colored logo which allows consumers to know at a glance the nutritional value of food. This is done in order to align with other European countries' requirements[25]. The European Action Plan for Food and Nutrition Policy has invited countries to

develop and implement front-of-package labelling systems which are easy to understand and provide consumers with a complementary interpretation of nutritional information. Some labeling issues are directly related to food safety and food that will have incomplete or incorrect labels will be rejected at the border. An additional issue with labeling is that importing countries don't always have clearly prescribed labeling requirements in their legislations so products that don't have an expiry date/best before date can end up entering their markets. The additional challenge is that if such requirements were to be specified, from the exporting country's perspective having to comply with labeling standards that differ across national markets means that suppliers will have to produce and pay for the costs of having different labels. These increased costs would prevent some foreign producers from competing in certain markets.

» **Agritourism marketing:** To improve the ability of the agricultural sector to enter the international market, it is advisable to strengthen the links between the various actors involved in the production, processing and distribution of agricultural products with the actors of other sectors, mainly: the food industry and tourism sectors. For instance, the usual manner of marketing of agricultural products and partnerships of the farms was through roadside sales, selling to wholesalers, processors, retailers, or in some cases direct sales at the markets. However, by transforming farms into agritourism facilities, it allows agritourism farms to sell their products at the farms, through serving at the restaurants, the meal at the accommodation units, and direct sale of the fresh products to the visitors etc.

» **Finance and investment to farmers:** Increasing the financial support received by Albanian farmers from the government. Currently, according to an analysis

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[24] United Nations Economic and Social Commission for Asia and the Pacific. Facilitating Compliance to Food Safety and Quality for Cross-Border Trade. https://www.unescap.org/sites/default/files/Facilitating%20Compliance%20to%20Food%20safety%20and%20quality%20for%20cross-border%20trade%20guide.pdf Accessed 26 November 2021.
[25] World Health Organization. (2017). La France est l'un des premiers pays de la Region a recommender l'utilisation d'un systeme d'étiquetage nutritionnel dote d'un logo en couleur. https://www.euro.who.int/fr/countries/france/news/news/2017/03/france-becomes-one-of-the-first-countries-in-region-to-recommend-colour-coded-front-of-pack-nutrition-labelling-system Accessed 21 November 2021.

published by the Food and Agriculture Organization, Albanian farmers receive 18 times less financial support than other countries in the region. Indeed, it appears that the farmers only receive about €3 of direct support per hectare from the state, while €42 goes to institutions that monitor the agricultural sector. This financial distribution forms a stark contract to the situation in other countries, where the majority of the funds goes directly to the farmers. For instance, in Kosovo, €69 per hectare goes to the farmer and €54 to the administration and in Bosnia, €66 goes to the farmer and €60 to the institutions. In conclusion, the government should urgently increase direct funding to the farmers so they can increase productivity and improve their compliance with food safety regulations and sustainability practices[26];

» **Funding for global market expansion:** Providing financial and logistical support to farmers to participate in global agricultural fairs, which will allow them to access new global markets and increase the value/image of the Albanian brand. For instance, the Albanian Export Promotion Agency could provide financial and logistical support to farmers to enter new markets. The Ministry of Finance could introduce fiscal and budgetary reforms to provide tax benefits to farmers, producers, and traders who wish to promote Albanian agricultural products on the international market. The Export Promotion Agency could initiate advertising campaigns for the promotion of agro-food products in the world and especially in the European market. The budgetary cost of these incentives is largely compensated by the increase in economic growth, job creation, and foreign currency inflows.

» **Development of agro-based clusters:** In order to increase the competitiveness of the agricultural sector, it is necessary to bolster the links and cooperation operations between all the actors involved in the production, packaging, and distribution of agricultural products. For example, in order to strengthen the cooperation links between producers, it is necessary to identify clusters, develop related tools to improve commercial operations, organize joint verification and transport operations, launch joint national and international marketing campaigns, work on the branding of Albanian products, etc.

» **Global programmatic approach:** In our comparative country analysis, we concluded that the three countries Albania, Croatia and Bosnia have one thing in common: their highest rate of rejections comes from the European market. Hence, these three small neighboring countries can initiate a common program with a significant investment in partnership with the EU and an NGO or UN agency to comply with European standards. The results would be more efficient and would have a lower cost (return to scale). This cooperation could subsequently extend to other markets of interest that have other specific regulations, such as the American market and the Chinese market. As the percentage of rejections due to labeling is quite high for the three countries (between 18 and 51% of total rejections), they could jointly tackle the issue of labeling by supporting agricultural producers with the various compliance requirements.

Promote a conducive policy environment and culture for quality:

» **Promotion of local agricultural products:** To promote rural income diversification in several areas, such as rural tourism or short value chains, by conducting tailor-made trainings and networking workshops which will teach farmers how to promote authentic products, specifically those produced by rural women and smallholders. These types of programs can support some of the 350,000 smallholders and family farms while improving their knowledge of EU food safety standards, good agricultural practices, good hygiene practices, and the Hazard Analysis and Critical Control Point (HACCP) methodology.

» **Quality awareness campaigns:** Addressing the lack of awareness of the importance of quality and food safety among most fruit and vegetable producers by conducting awareness and informational campaigns on standards and national quality infrastructure. These awareness campaigns should target the general public as well as government institutions. Indeed, government institutions also need to be made aware of the benefits of developing a culture of quality and improving the national quality infrastructure in order to increase the competitiveness of Albanian food and feed products.

» **Informational sessions to consumers and food service institutions:** As local consumers are increasingly demanding high quality food products, one way to convince farmers to comply with global standards is to demand that the agricultural products sold on the local markets comply with global standards similarly to products destined to be exported. Moreover, informational sessions and promotional activities can be organized for consumers, but also for institutions that provide food in different settings, such as catering companies, kindergartens, schools, nursing homes, etc.

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[26] Euroactiv. 2022. Albanian farmers receive lowest government subsidies in region. https://www.euractiv.com/section/agriculture-food/news/albanian-farmers-receive-lowest-government-subsidies-in-region/

ANNEX:
Contextualizing trade-related standards

Technical regulations and standards are increasingly prevalent and continuously evolving in the international trade of food and nonfood (industrial) products. Moreover, there is evidence that many developing countries face challenges in complying with the safety and quality requirements that these regulations and standards lay down. Since 2008, UNIDO has regularly collected evidence about trade related challenges and their evolution over time, particularly in the area of compliance with (quality, certification, labeling, etc.) requirements set by international markets.

In their efforts to improve compliance, the challenge for national governments and donors is to allocate scarce financial and technical resources amongst a plethora of capacity building needs. There is, therefore, a need to identify where the most acute compliance challenges are faced—in a trade context this means identifying the products and markets with the highest rates of non-compliance—thus recording rejections. In this context, the Standards Compliance Analytics (SCA) tool can be used to facilitate the use of rejection data to identify the key compliance challenges faced by exporting countries and thereby enhance targeting of investments in building relevant compliance capacities. In addition, the SCA tool supports the assessment of the overall impact of rejection on export performance of countries of origin and estimates their compliance capacity by interpreting rejection trends together with additional key development, production and trade-related indicators. Lastly, the SCA tool provides the possibility to compare countries' trade compliance performance in different markets and related to specific product groups.

Finally, information on rejection can inform the policy and technical assistance to navigate and focus efforts in addressing compliance issues in a more effective and focused manner. Deeper understanding of trade compliance challenges contributes to better preparedness of exporting countries to comply with export market requirements and eventually less rejection in the long term. As a result, the economic losses due to rejection would be avoided while reputational risks due to large scale rejections can be averted.

The SCA tool compiles data from several data sources to cover five major markets including:

» **China**: The Chinese rejection data records for agri-food products are published by the General Administration of Customs (GAC). The data includes records of rejected consignments under HS codes 1 to 24 that do not meet Chinese regulatory requirements.

» **United States:** The US food and feed border rejection data is obtained from the US Food and Drug Administration's (USFDA) Operational and Administrative System for Import Support (OASIS), an automated system for processing and making admissibility determinations for shipments of imported products that come under the jurisdiction of the USFDA. The USFDA's website contains a description of the variables in the rejection data (Import Refusal Report). The data initially contains both food, feed, and non-food rejections. However, the non-food rejections are excluded as the current focus is the analysis of food and feed rejections.

» **Australia:** The Australian food and feed border rejection data is obtained from the Australian Department of Agriculture, Water and the Environment. The data includes label and visual rejections, among other rejections. Imported food is inspected through a program known as the Imported Food Inspection Scheme (IFIS). The scheme inspects imported food to check if it meets Australian requirements for public health and safety and if it's compliant with Australia's food standards. A risk-based approach is taken when regulating imported food. Specifically, when a consignment of imported food has been referred for inspection, the inspection will involve a visual and label assessment and may also include sampling the food for the application of analytical tests. Under the IFIS, the Ministry classifies food as either risk food or surveillance food. Risk food is food that has been assessed by the Food Standards Australia New Zealand (FSANZ) as posing a medium to high risk to public health, thereby requiring stricter border controls. Surveillance food is considered to pose a low risk to human health and safety.

» **Japan:** The Japanese food and feed border rejection data is obtained from Japan's Ministry of Health, Labor and Welfare (MHLW). The MHLW tracks and controls import consignments that violate the Food Sanitation Law to ensure the "safety of diet" of Japanese people.

» **European Union:** The food and feed border rejection data is obtained directly from the officials responsible for the EU's Rapid Alert System for Food and Feed (RASFF). RASFF provides a platform for the exchange of information between EU Member States on measures taken in response to food and feed products that pose an immediate risk to human health, both in the EU internal market and with respect to imports from Third Countries. The data initially contains both food, feed, and non-food (food contact material) rejections. However, the non-food rejections are excluded as the current focus is the analysis of food and feed rejections.