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**Economic Commission for Europe**

Steering Committee on Trade Capacity and Standards

**Working Party on Regulatory Cooperation  
and Standardization Policies (WP.6)****Thirty-first session**

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Item 5 of the provisional agenda

**Group of Experts on Risk Management in Regulatory Systems****Report on activities under the Group of Experts on Risk  
Management in Regulatory Systems****Submitted by the Chair of the Group of Experts***Summary*

This document presents the main results achieved by the Group of Experts on Risk Management in Regulatory Systems (GRM) as of August 2021, reports on the progress in the completion of its project plan and presents priorities and a plan of work for 2022.

*Mandate*

At its twenty-ninth plenary session, the Working Party plenary mandated the secretariat and the coordinators to continue to report on an annual basis on its activities. This Group requests the renewal of its mandate for a further two-year period from the thirty-first session until the end of the thirty-third session as presented in the proposed WP.6 Programme of Work, Annex III (ECE/CTCS/WP.6/2021/10).

*Proposed decision:*

“The Working Party adopts the report of the Group of Experts on Risk Management in Regulatory Systems. It mandates the secretariat and the Group of Experts to continue to report on an annual basis on these activities”.



## I. General information on the Group

1. The Group of Experts on Risk Management in Regulatory Systems (GRM) was established by the Working Party on Regulatory Cooperation and Standardization Policies (WP.6) in 2010.
2. GRM aims at an improved management of hazards that have the potential to affect the quality of products and services, and/or cause harm or damage to people, the environment, property and immaterial assets. The Group works towards this goal by developing and sharing best practices as regards the use of risk management tools in regulatory and managerial activities.
3. GRM functions on the basis of
  - (a) a broad and diversified membership, with representation of different geographical and economic regions, as well as of different areas of competence and end-users' interest; and
  - (b) regularly organized webinars and information sharing on an interactive website.

## II. Main activities in the reporting period

### A. Methodology and recommendations

4. Within this reporting period, GRM accomplished the following achievements.
  - (a) GRM finalized the *Recommendation V on Addressing Product Non-Compliance Risks in International Trade* (ECE/CTCS/WP.6/2021/5) which emphasizes systematic best practices on applying risk management tools in international trade. This recommendation outlines
    - (i) the importance of import compliance as a key component of market surveillance;
    - (ii) the impact that ensuring compliance with technical regulations and standards has on trade facilitation;
    - (iii) the need for developing and implementing an integrated risk management strategy to optimize overall border clearance time and costs;
    - (iv) the need to maintain regulatory requirements by means of systematically addressing all non-compliance risks within border management procedures, including customs-related and those related to non-compliance of imported products with the requirements of technical regulations and standards.
  - (b) GRM provided substantial contributions to the guide developed jointly with the International Trade Centre (ITC) on *Managing Risk for Post-Pandemic Trade: Guide for Border Regulatory Agencies*. The Guide complements Recommendation V and provides high-level policy recommendations supported by risk management methodologies and technical guidance. It aims to 1) improve individual risk management capacity of every regulatory agency involved in border compliance and 2) ensure efficient integration of risk management procedures applied at the border. It establishes a roadmap to build an integrated risk management system in border control that is a prerequisite for increasing efficiency of regulatory agencies and of import compliance procedures, reducing border compliance time and costs without exposing consumers and other regulatory stakeholders to unnecessary risks.
  - (c) The roadmap is based on the following principles:
    - (i) Applying formal and standardized methodologies for the management of non-compliance risks within border control agencies

- (ii) Strengthening the role of import compliance procedures in market surveillance and enforcement systems run by regulatory authorities responsible for product compliance
- (iii) Integrating import compliance processes applied at the border with other building blocks of respective regulatory systems, ensuring that import compliance supports all regulatory objectives and respective Sustainable Development Goals (SDGs)
- (iv) Ensuring efficient integration of risk management processes of all regulatory agencies involved in border control, when appropriate, on the basis of existing risk management frameworks of the customs authorities
- (v) Integrating risk management in border control with other trade facilitation tools, such as Single Window
- (d) GRM developed a survey aimed at gathering international best practices in the management of the COVID-19 crisis (see Annex).
- (e) GRM started working on a new initiative on artificial intelligence (AI) in regulatory systems. This initiative aims at analysing the current level of application of AI tools in regulatory frameworks, gathering best practices in the field and developing a set of risk management tools that can be applied by regulatory authorities to address the risks related to the application of AI within regulatory frameworks.

## **B. Implementation of the recommendations and field projects**

5. Due to the pandemic crisis, no field projects were implemented in this reporting period. GRM continued to monitor the implementation of its recommendations regarding a risk management approach to regulatory decision-making processes to achieve SDG 14 on life below water. This monitoring has been conducted in cooperation with the International Council for the Exploration of the Sea (ICES) and the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) Team of Specialists on Sustainable Fisheries.

## **C. Contribution to the risk management work of other United Nations Economic Commission for Europe bodies and other international organizations and relevant stakeholders**

6. As regards cooperation with partners, GRM, during the reporting period
- (a) contributed to the development of the United Nations Committee of Experts on Public Administration's (CEPA) strategy guidance note on risk management frameworks;<sup>1</sup>
  - (b) provided comments regarding the United Nations Industrial Development Organization's (UNIDO) Initiative on Quality Infrastructure for Development Index;<sup>2</sup>
  - (c) reported to the Plenary Session of the International Organization for Standardization (ISO) Technical Committee 262 "Risk Management" and participated in the Plenary Session;
  - (d) provided comments regarding the Organisation for Economic Co-operation and Development (OECD) Best Practice Principles on International Regulatory Cooperation;<sup>3</sup>

<sup>1</sup> [https://unpan.un.org/sites/unpan.un.org/files/Strategy\\_note\\_risk\\_management\\_frameworks\\_Mar\\_2021.pdf](https://unpan.un.org/sites/unpan.un.org/files/Strategy_note_risk_management_frameworks_Mar_2021.pdf).

<sup>2</sup> [https://www.unido.org/sites/default/files/files/2019-07/SDG-QI\\_BROCHURE\\_FINAL\\_0.PDF](https://www.unido.org/sites/default/files/files/2019-07/SDG-QI_BROCHURE_FINAL_0.PDF).

<sup>3</sup> <https://www.oecd.org/gov/regulatory-policy/governance-regulators.htm>.

- (e) participated in the meeting of the ECE Advisory Group on Market Surveillance (MARS Group) and introduced the revised draft of the *Recommendation V on Addressing Product Non-Compliance Risks in International Trade*; and
- (f) strengthened the cooperation with ITC.

### III. Members and representation

7. As of 31 August 2020, 46 experts from 13 countries participate in GRM of which seven are women. Members represent the following areas of competence: planning, developing and implementing technical regulations; disaster risk reduction, business continuity and resilience management; choosing and implementing conformity assessment procedures; cooperation among business companies and regulators; risk management methodologies and standards; and project management.

### IV. Summary of meetings

- 8. Bimonthly virtual meetings and informal exchanges are the usual means of communication of GRM.
- 9. GRM held six virtual meetings between September 2020 and August 2021. Summaries of the discussions can be found in the meeting reports.<sup>4</sup>

### V. Progress in the completion of the initial plan

10. The following table provides an update on and results of each of the tasks provided in section VII of the *Report of Activities under the Group of Experts on Managing Risks in Regulatory Systems*, 21 August 2020 (ECE/CTCS/WP.6/2020/5).

<i>Fields and tasks</i>	<i>Results/comments</i>
Developing approaches aimed at improving the efficiency of implementation of risk management as a trade facilitation measure	The ECE-ITC guide on <i>Managing Risk for Post-Pandemic Trade: Guide for Border Regulatory Agencies</i> is near finalization; the document contains a comprehensive description of methodologies that aim at improving the efficiency of implementation of risk management as a form of trade facilitation measure. The guide is being proposed to ECE for joint publication.
Finalizing the recommendation on addressing the risk of product non-compliance in international trade and on integrated risk-based import compliance frameworks	Recommendation V has been finalized and is submitted for approval of the WP.6 (document ECE/CTCS/WP.6/2021/5).
Developing training materials and guidance documents on the implementation of the draft recommendation on the management of product non-compliance risks in international trade	The ECE-ITC guide on <i>Managing risk for Post-Pandemic Trade: Guide for Border Regulatory Agencies</i> can be used as a basis for the implementation of Recommendation V.
Establishing cooperation with trade facilitation bodies, international	Recommendation V was presented to several international organizations working in the field of trade facilitation.

<sup>4</sup> <https://trello.com/b/1DNyW9Ef/wp6-group-of-experts-on-risk-management-grm>.

<i>Fields and tasks</i>	<i>Results/comments</i>
organization working in the field, and with the customs authorities	
Updating the proposal for the common regulatory objectives on cybersecurity, developing guidance documents and organizing international events on the issue	No progress has been made in 2021 (the initiative was not within a list of priorities of the International Electrotechnical Commission [IEC] in 2021).
Promotion of Group of Experts' work, also through field projects and trainings	No field projects were implemented in 2021.
Establishing and strengthening liaisons with other risk management organizations	A number of international organizations participated in the meeting of GRM.

## VI. Priorities for 2022

11. The main activities of GRM in the next year and as reflected in the Programme of work of WP.6, are

- (a) raising awareness of regulatory authorities with respect to Recommendation V and the ECE-ITC guide on *Managing Risk for Post-Pandemic Trade: Guide for Border Regulatory Agencies*;
- (b) developing training materials and guidance documents on the implementation of the draft recommendation on the management of product non-compliance risks in international trade, based on Recommendation V and the Guide;
- (c) establishing cooperation through the secretariat of WP.6 with trade facilitation bodies, international organizations working in the field, and with customs authorities;
- (d) systematizing best practices in the management of risks related to the application of AI technologies in regulatory systems;
- (e) systematizing best practices in reviewing safety regulations;
- (f) promoting the work of GRM through field projects and trainings; and
- (g) establishing and strengthening liaisons with other risk management organizations through the secretariat of WP.6.

12. The main risks for the successful completion of these activities include

- (a) insufficient funding for the organization of the work and for the field work; and
- (b) insufficient involvement by stakeholders or member States, notably due to COVID-19.

## Annex

### Survey on applying crisis management principles described in Recommendation P during the COVID-19 crisis

- **How applicable were your crisis management plans to the COVID-19 crisis?**
  - Applicable
  - Partly applicable
  - Not applicable at all
  - We didn't have crisis management plans
- **Which of the following international standards did you use in preparing/managing the COVID-19 crisis?**
  - ISO 22301
  - ISO 31000
  - Other (please specify)
  - We didn't use international standards
- **To which extent, in your view, did the COVID-19 crisis lead to imposing disproportionate regulations within your regulatory framework?**
  - There were a lot of cases of overregulation
  - There were some cases of overregulation
  - Can't think of any cases of overregulation
- **What was the level of any non-regulatory bottlenecks (i.e. socio-political pressure, lack of resources, etc.) in the crisis response?**
  - Very high
  - High
  - Moderate
  - Low
- **Were you involved in any international cooperation aimed at managing the COVID-19 crisis?**
  - Yes, formal international cooperation
  - Yes, informal international cooperation
  - No
- **What has been learnt from managing the COVID-19 crisis? (tick all applicable)**
  - Improve pandemic and crisis planning and response
  - Improve cross government co-ordination
  - Improve communication to citizens
  - Other (please specify)
- **In the light of the crisis, were compliance costs for essential services within your regulatory framework:**
  - Higher
  - Lower
  - No significant change