



*Documentation accompanying
Food/Feed/Processing Shipments of
Living Modified Organisms*

African Regional Training-of-Trainers Workshop

Bamako, Mali, 14-18 September 2009

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International Grain Trade Coalition



Overview

- International Grain Trade Coalition (IGTC)
 - Who we are and what IGTC members do
 - Size and scope of International Grain Industry
 - World bulk grain handling system
- Identity Preserved systems (IP)
- Commercial grain transactions
- Rules for the international movement of goods
- Biosafety Protocol LMO Shipping Documentation Requirements
 - BSP art.18.2(a)
- Examples of shipping documents (EU/Mexico)

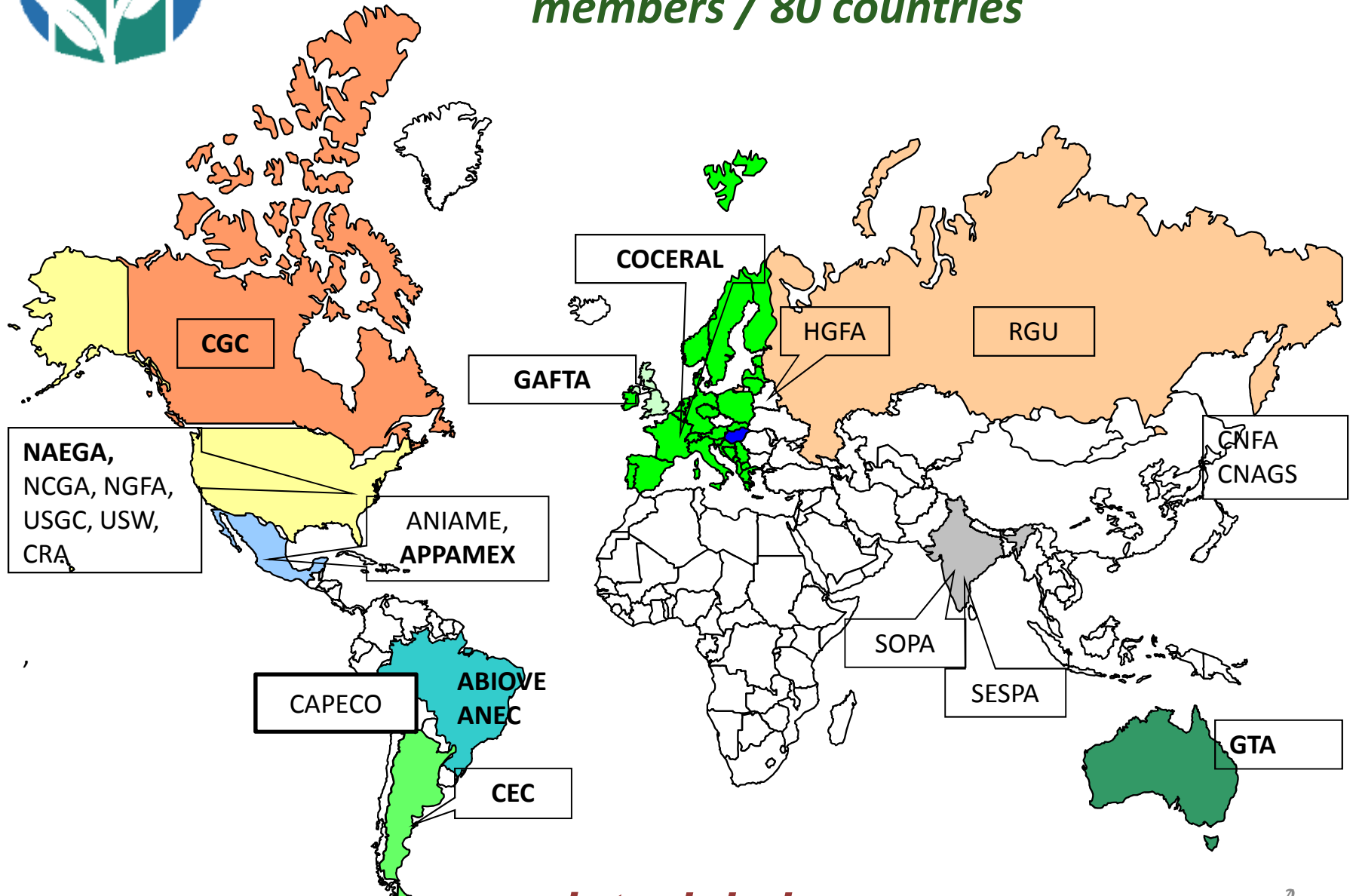


International Grain Trade Coalition (IGTC)

- IGTC formed June 2001 to advise governments on how to implement the Biosafety Protocol to protect global diversity while meeting the needs of the world's food, feed and processing industries.
- Mandate broadened in September 2002 to include advice to governments on the commercial requirements and economics of the world's food, feed and processing industries
- IGTC scope refined in 2006 to focus existence on the goal of avoiding disruptions in the international trade of grain, oilseeds, pulses and derived products



IGTC Membership - 22 Organizations/ 8000 members / 80 countries





IGTC Members

- **Focused only on grain destined for food, feed or for processing**
- Involved in a high percentage of the more than 300 million tonnes of grain traded each year from areas of surplus to areas of deficits.
- IGTC members are not involved in performing risk assessments but accept the decisions of governments:
 - Export governments have performed extensive risk assessments before they say that the seed may be sold to farmers to produce grain for food, feed or for processing
 - importing governments who declared that the LMOs can enter the country for food, feed or for processing.
- **The grain industry's challenge = move these approved products from areas of surplus to areas of deficit in the most cost efficient manner possible.**

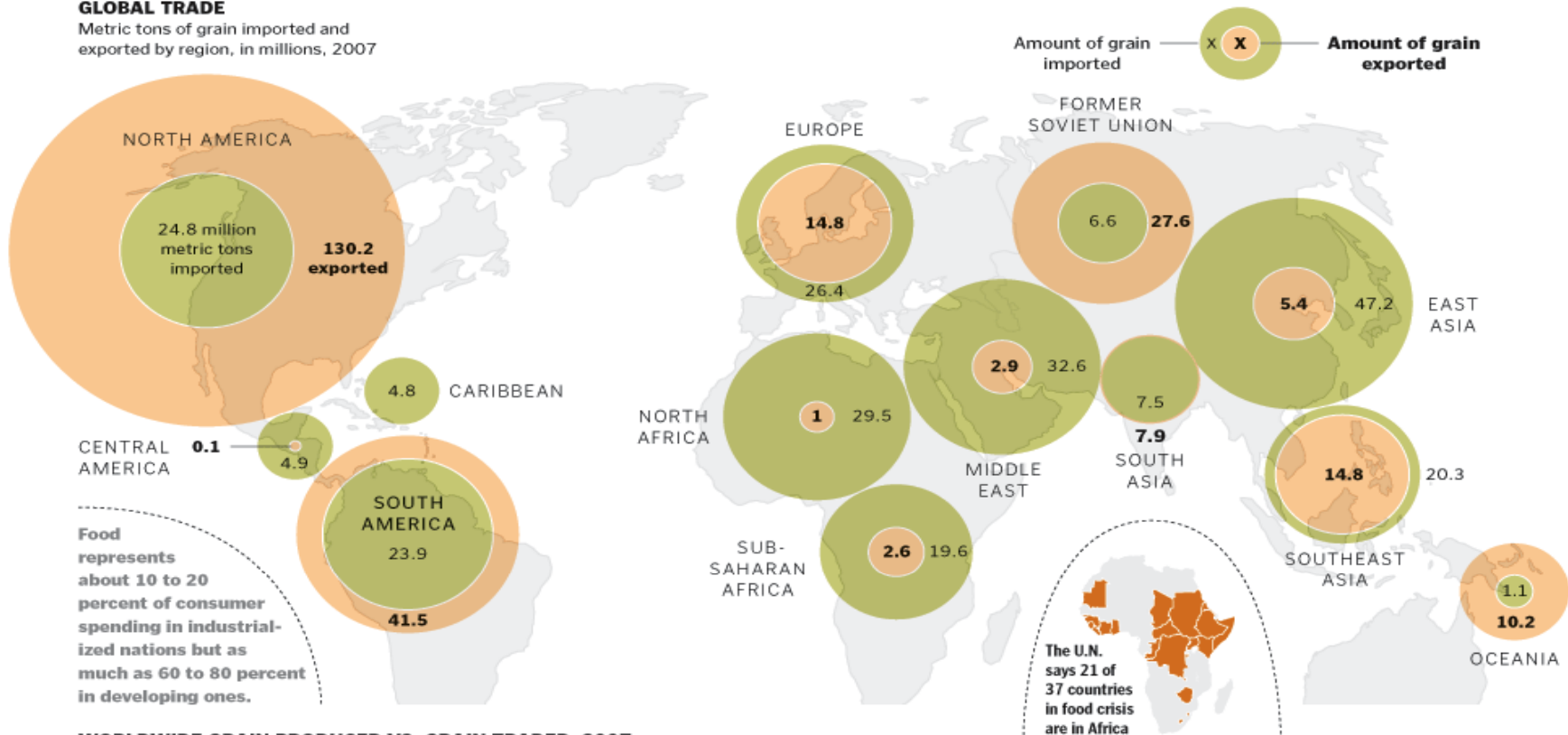


How much grains do we move?

*Size and Scope of International
Grain Industry*

GLOBAL TRADE

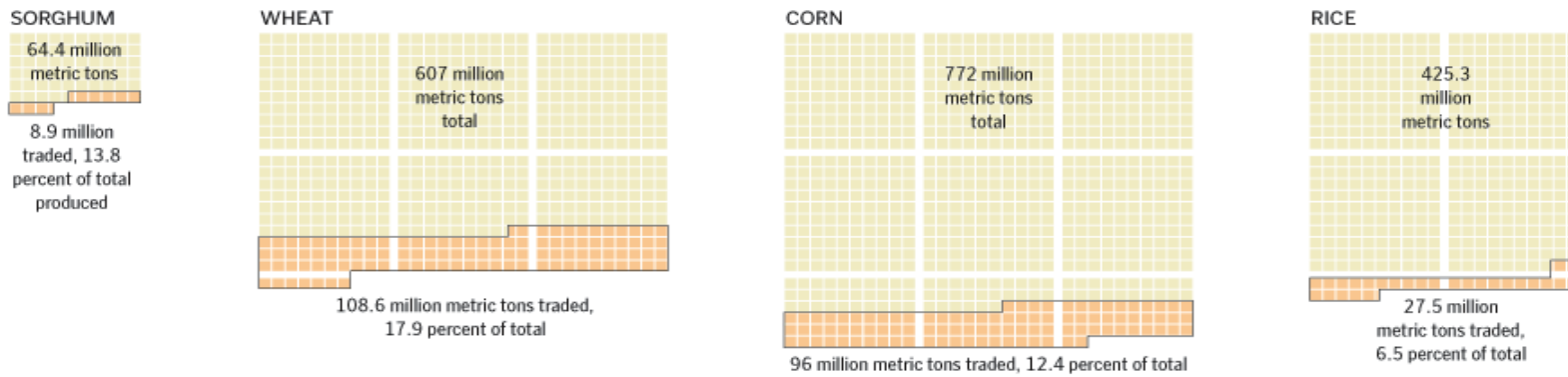
Metric tons of grain imported and exported by region, in millions, 2007



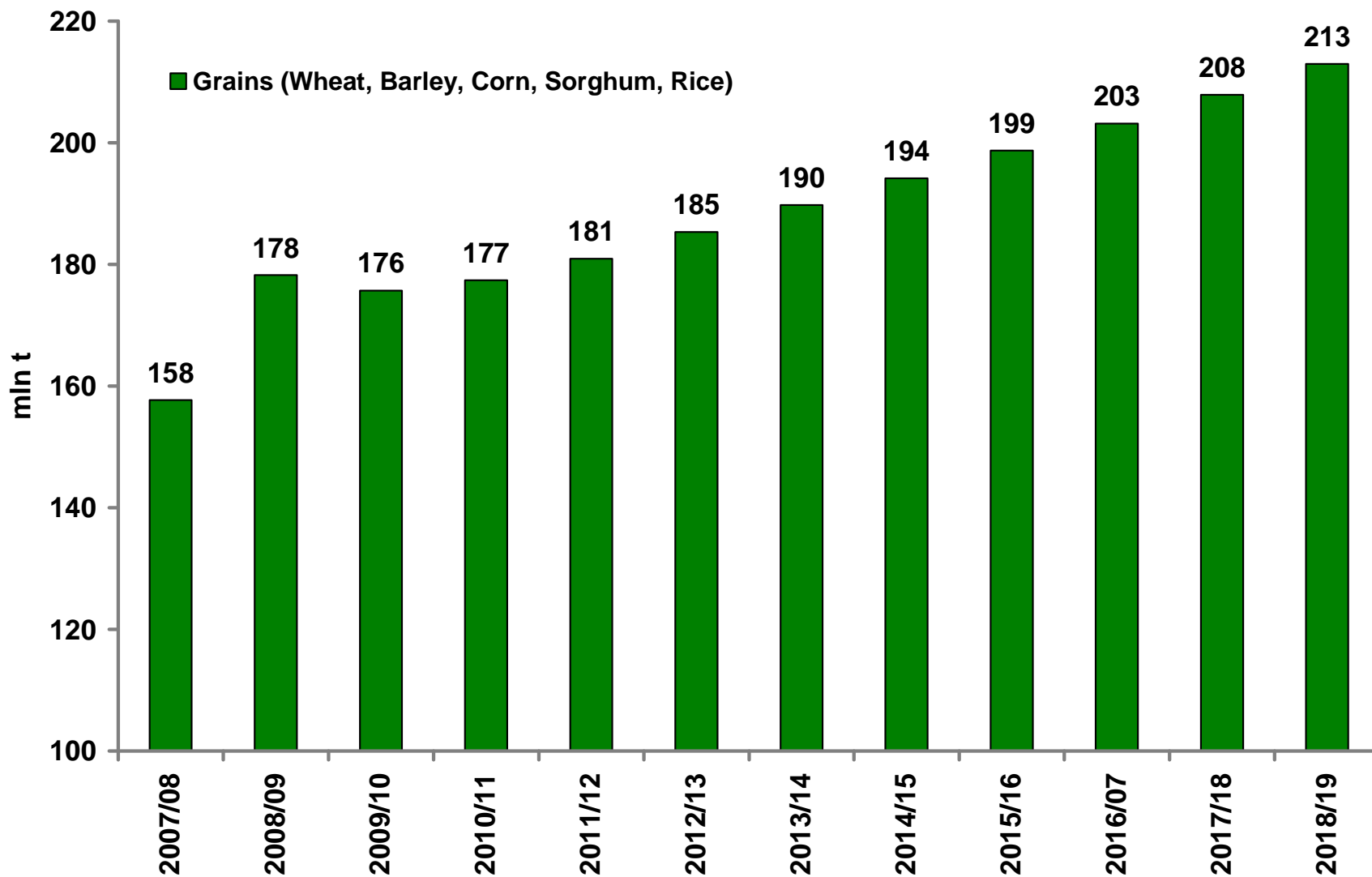
Food represents about 10 to 20 percent of consumer spending in industrialized nations but as much as 60 to 80 percent in developing ones.

WORLDWIDE GRAIN PRODUCED VS. GRAIN TRADED, 2007

The amount of grain traded on the global market is a small percentage of the total produced because countries keep most of their crop for domestic needs.

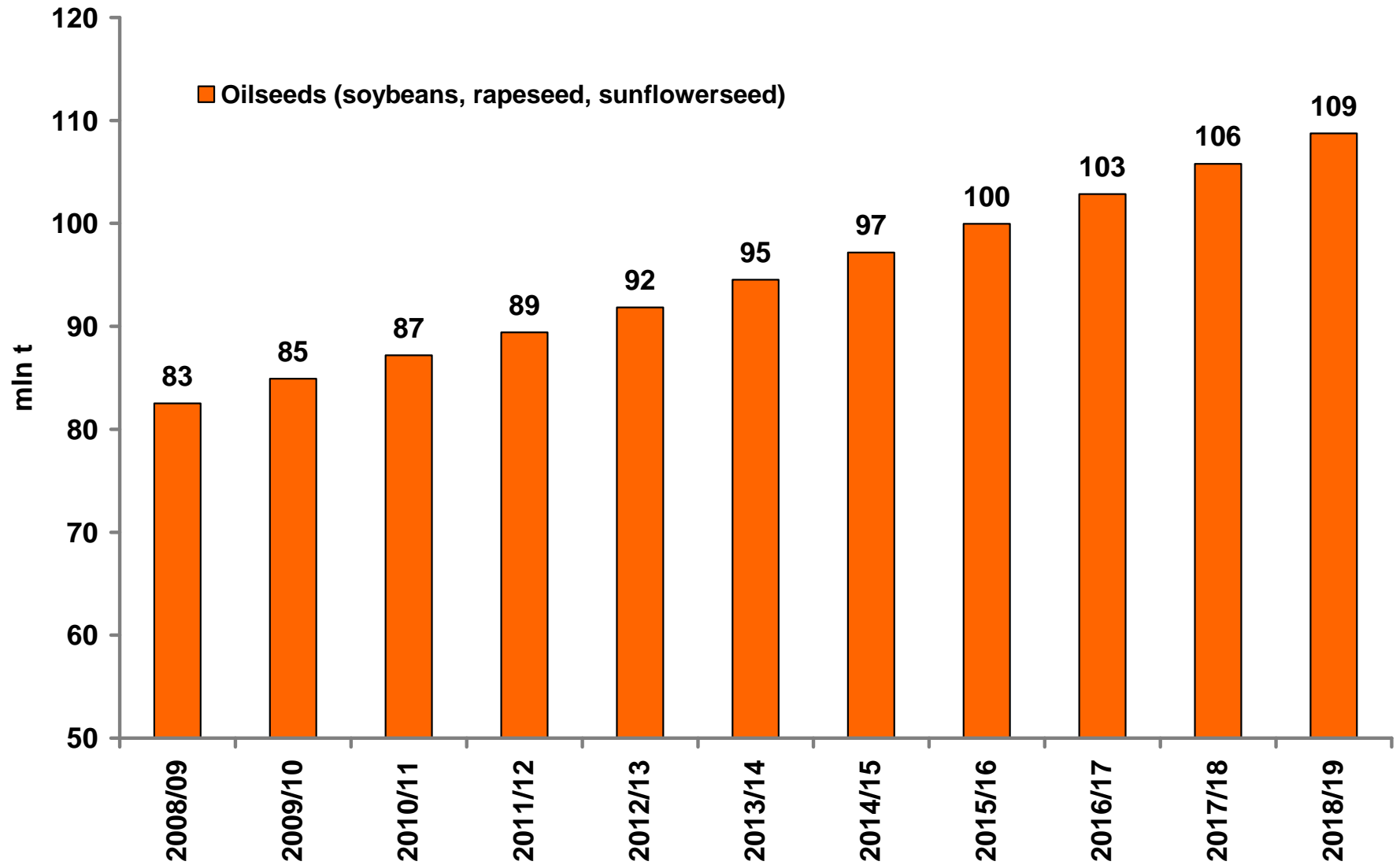


World Grain Trade



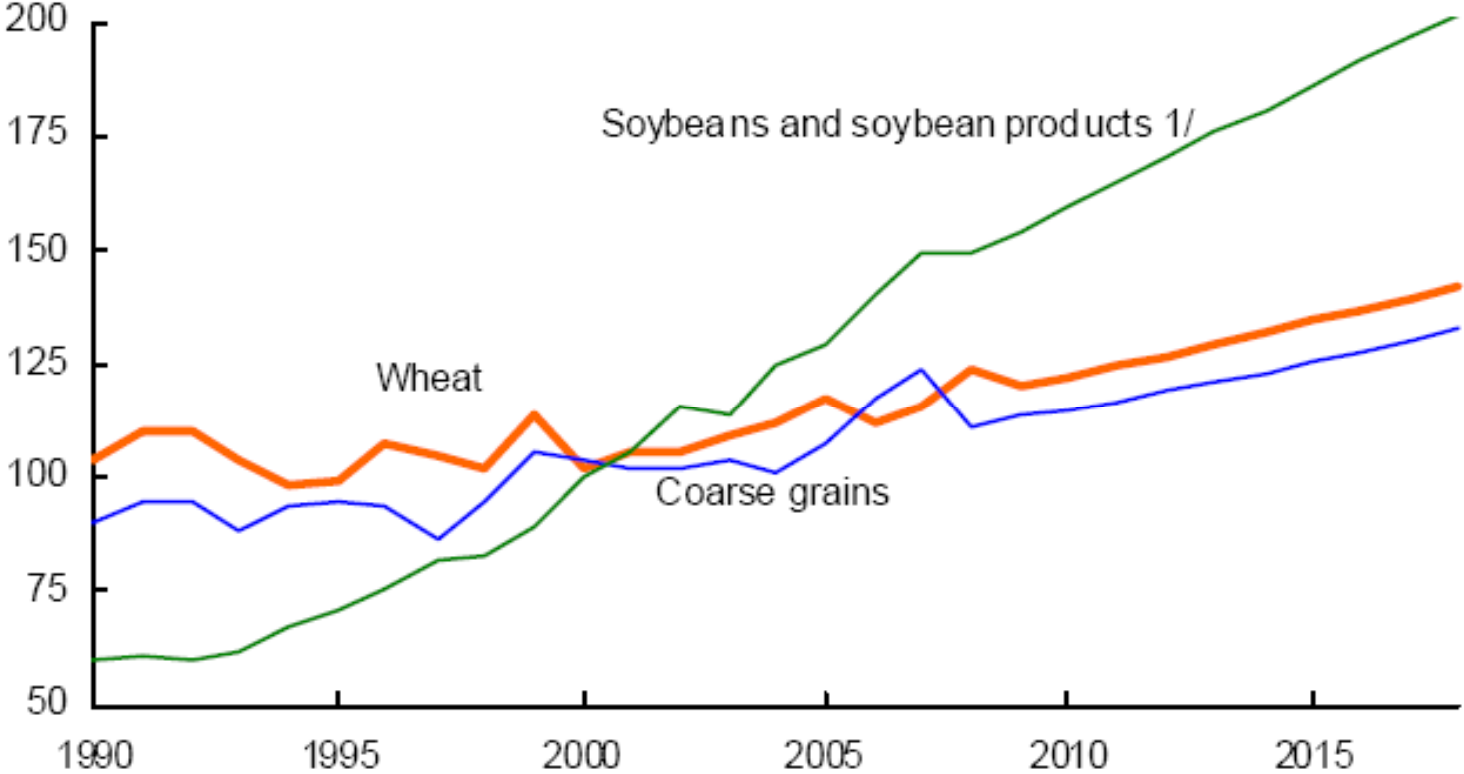
Source: USDA

World Oilseed Trade



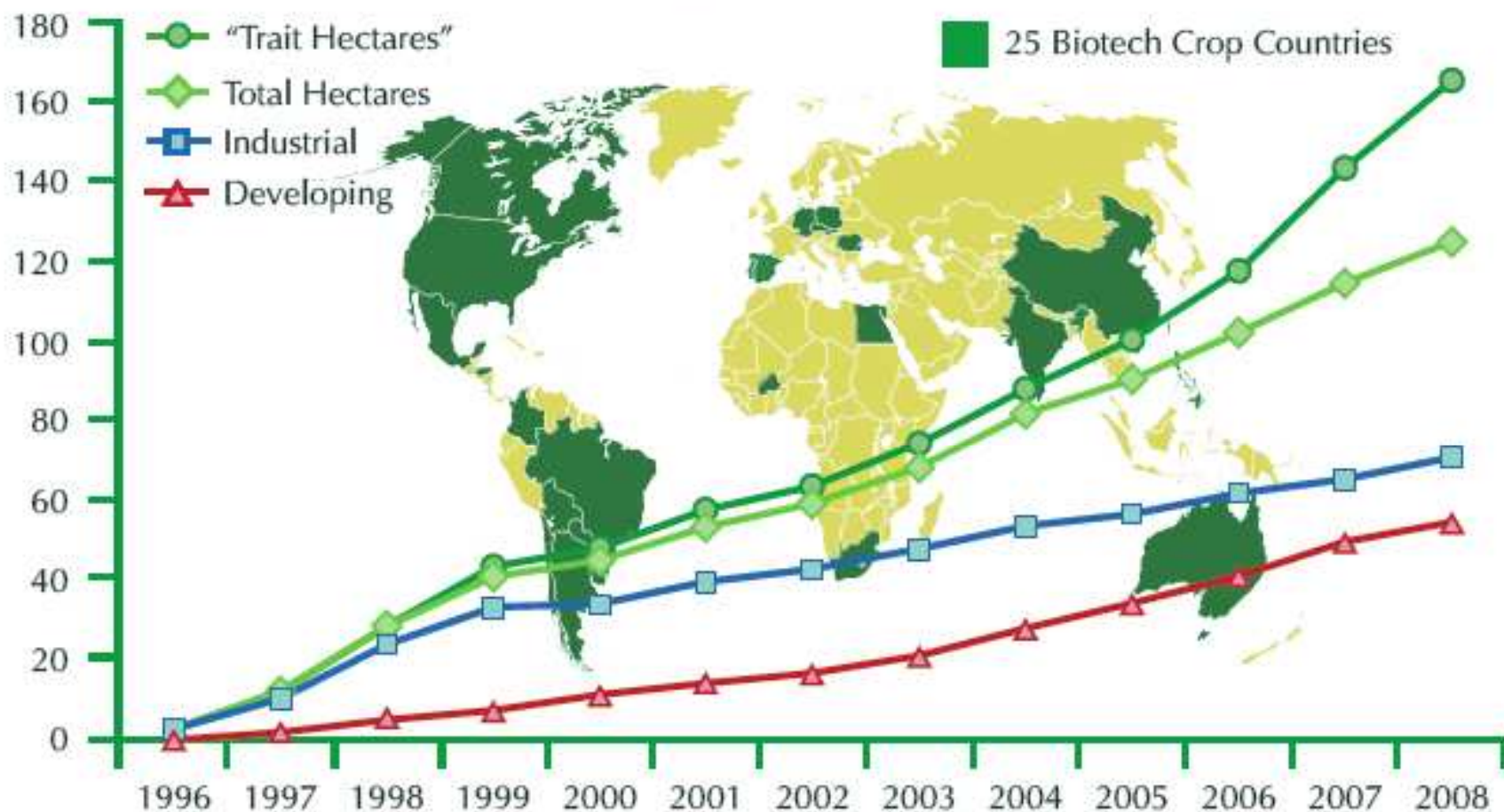
Global trade: Wheat, coarse grains, and soybeans and soybean products

Million metric tons



1/ Soybeans and soybean meal in soybean-equivalent units.

GLOBAL AREA OF BIOTECH CROPS Million Hectares (1996-2008)



*An "apparent" increase of 9.4% or 10.7 million hectares between 2007 and 2008,
equivalent to a "real" increase of 15% or 22 million "trait hectares"*

Source: Clive James, 2008.



How do we move grains?

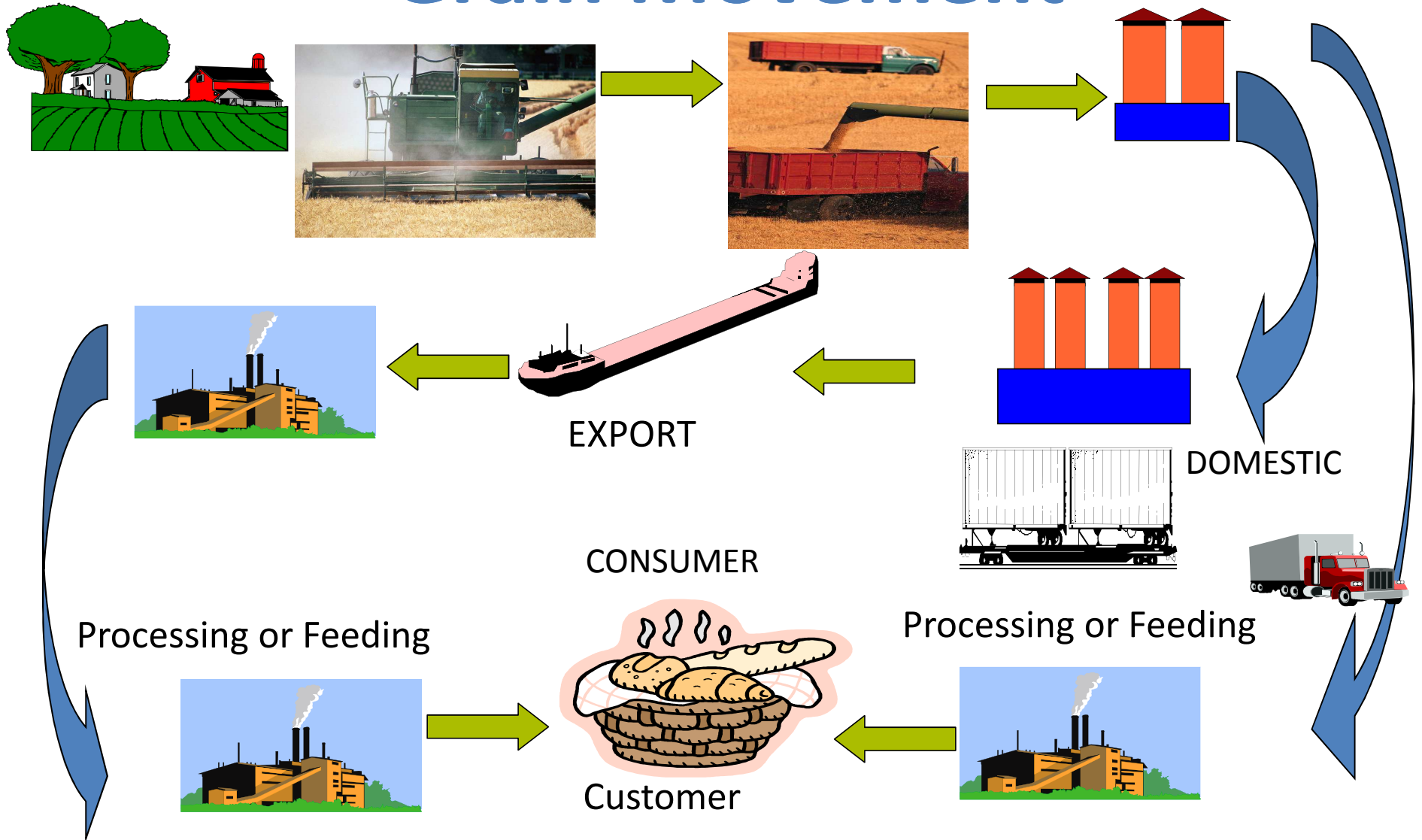
World Bulk Grain Handling Systems

International Grain Movements

International grain movements are complex : many links in chain from farm to import and processor



Grain Movement



Seeding



www.igtglobal.com -
secretariat@igtglobal.com

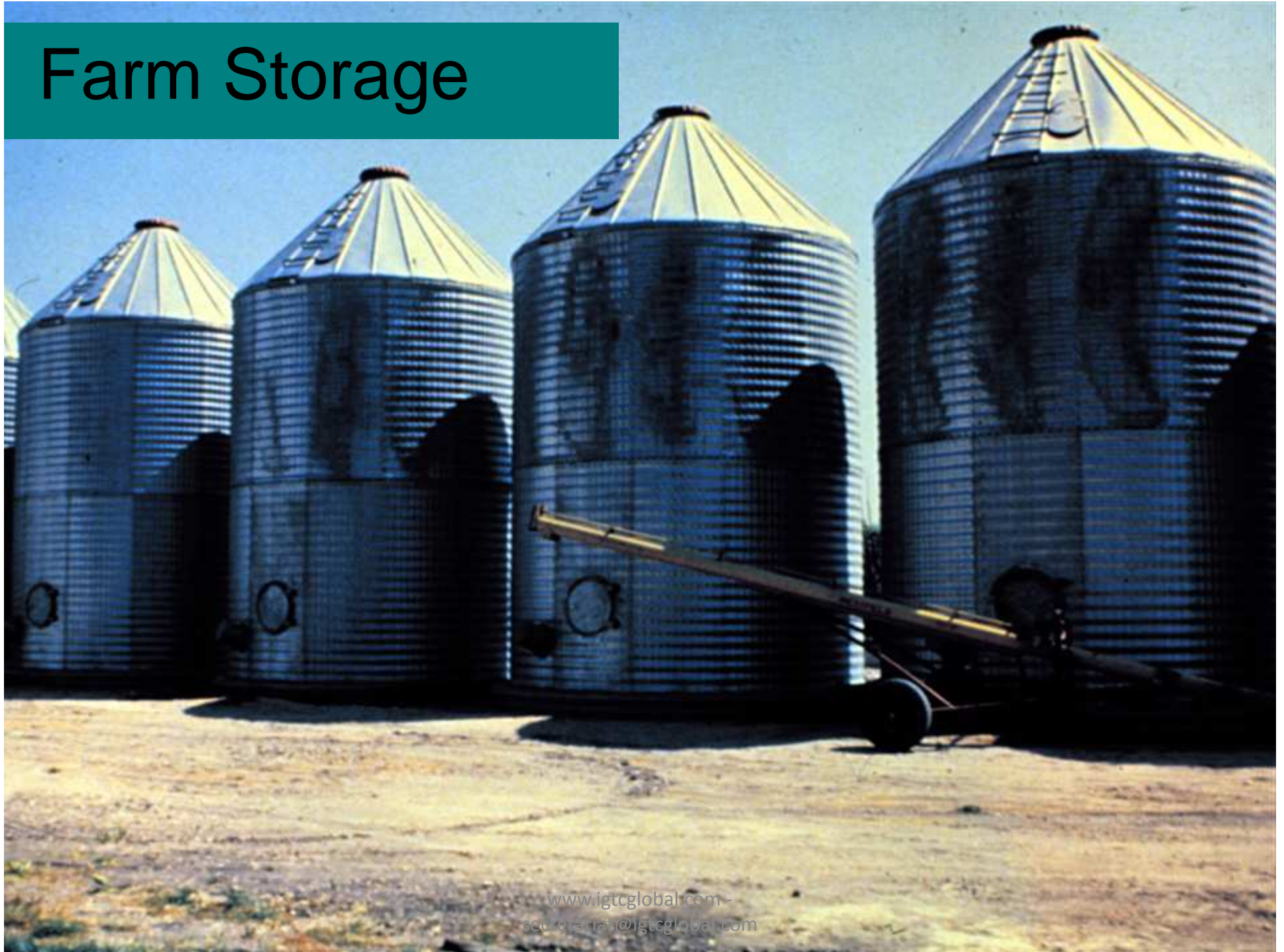
Harvesting



Transport field to farm storage



Farm Storage



Primary elevator





Rail loading

www.igtglobal.com -
secretariat@igtglobal.com



Barge loading

Terminal



Storage
systems

Enormous
bins

www.igtglobal.com -
secretariat@igtglobal.com





Ocean Vessel 25,000 tonnes
plus

www.igtglobal.com -
secretariat@igtglobal.com

Transfer elevator Rotterdam



Loading barges Rotterdam

www.igtglobal.com -
secretariat@igtglobal.com

Grain Processor

www.igtglobal.com -
secretariat@igtglobal.com

World Bulk Grain Systems Summary



- Most transboundary movement of grain used for food, feed or for processing is shipped by bulk
- 3-6 months lead time
- Characterized by high volumes, low cost
- Impossible to keep varieties totally separate in bulk handling system
- Commingling may occur in each link of chain
- Adventitious quantities of LMOs may occur in all transboundary shipments of all commodities shipped from countries having LMOs in commercial production



Identity Preserved Systems

- Have been developed to provide tighter tolerance levels than are able to be provided in normal bulk grain shipments
 - Market premiums are provided to bring forward commodities of specific qualities to meet specific end use market requirements
 - IP systems must start with producer contract to produce specific quality
 - Segregation systems are employed to maintain integrity of production from farm to final processor
 - Quality performance tolerance levels are negotiated between exporter and importer

IP Systems Conclusions



- IP systems provide tighter tolerance levels than normally found in bulk grain shipments but **NEVER** a zero tolerance
- IP systems are more expensive than normal bulk grain shipments
- Integrity of product must start at farm level and be maintained as commodity moves through handling and transportation system to market
- 12-18 month lead time
- IP systems = small niche markets: wouldn't show on bar graph of 300 million tonnes annual bulk trade

What happens in International Commercial Grain Transactions?

International commercial grain transactions reflects the complexity of the grain system: the many links in the supply chain from farm to import processor





Initial Negotiations

- Normally negotiations between exporter and importer begin 3-6 months before shipment
- May be negotiated in person, by phone, email, fax, wire etc. Contract terms finalized:
 - Commodity
 - Quality
 - Quantity
 - Price Payment Terms
 - Shipping Terms



Commercial Sale Example

1. Importer contracts 10,000 metric tonnes @ \$150/mt
2. Importer deposits equivalent of \$1.5 million in local bank
3. Importer's bank opens Letter of Credit with exporter's bank for \$1.5 million
4. Exporter's bank advises exporter of L/C
5. Exporter ships grain to importer
6. Exporter's bank pays exporter \$1.5 million
7. Exporter's bank debits importer's bank \$1.5 million
8. Importer's bank notifies importer transaction completed



Commercial Sale Summary

1. Exporter/importer finalize quality specifications 3-6 months before shipment:
 - i. Exporter/importer will not conclude sale if quality requirements can not be met
 - ii. Only legally authorized events will be included in shipment
 - iii. BCH referenced to ensure potential events in shipment are authorized by importer
 - iv. Neither exporter nor importer want surprises at unload
2. Banking institutions play critical role
 - i. Documentation must be clear, simple and easily understood by international financial community
 - ii. Invoice only document that accompanies all transboundary shipments

Rules for the transboundary movements of goods

International

- Maritime Law for freight chartering
- Insurance cover for the cargo
- Legislation for the sale of goods
- Banking terms for payment
- **BIOSAFETY PROTOCOL**

Domestic

- Customs controls
- GMOs authorizations
- Food and Feed Safety
- Environment



Biosafety Protocol LMO Shipping Documentation Requirements





BSP Article 18.2

Handling, Transport, Packaging and Identification

Note the distinction among paragraphs:

- **18.2(a)**: “Intended for food/feed/processing and **not** intended for intentional introduction into the environment”
- **18.2(b)**: “Destined for contained use” and
- **18.2(c)**: “Intended for intentional introduction into the environment”

**Different risk management policies required
for different end uses**



Highlights of COP/MOP-3

Article 18.2(a) Decision Document for FFP Shipments

- 1. Invoice can be used to carry required information – (IGTC recommends invoice as it is the one document that accompanies all shipments)**
- 2. Identify contact points – (Invoice has both exporter & importer – importer same language/time zone)**
- 3. Documentation to be compliant with importer and exporter government requirements and:**
 - a) Where identity of LMO is known through IP system state that the shipment “contains” LMOs that are intended for direct use as FFP – (Note that this does not include normal bulk commodity shipments)



COP/MOP-3 Article 18.2(a)

Decision Document (continued)

- b) Where identity of LMO is not known through IP system state that the shipment “**may contain one or more LMOs**” that are intended for direct use as FFP – *(Note that this includes normal bulk commodity shipments)*
- c) State that the LMOs “are not intended for intentional introduction into the environment” – *(Risk Management policies should be designed to ensure LMOs are used for FFP and are not introduced into the environment)*
- d) Include common, scientific and, where available, commercial names of LMOs
- e) Include transformation event code or where available, its unique identifier code



COP/MOP-3 Article 18.2(a)

Decision Document (continued)

- f) Internet address of Biosafety Clearing House for further information and “*notes* that in accordance with Article 24 of the Protocol, transboundary movements of LMOs between Parties and non-Parties shall be consistent with the objective of the Protocol, and *further notes* that the specific requirements set out in this paragraph do not apply to such movements...;”
(Enables Mexico/Canada/United States Trilateral Arrangement)
4. Expression “may contain” does not require listing of LMOs of species other than those that constitute the mixture
5. Review implementation experience at COP/MOP-5



IGTC Notice To Trade #7

- Issued 17 July 2006
 - Informed IGTC Members of COP/MOP-3 Article 18.2(a) LMO shipping documentation decisions
 - Advised the Trade ***not to change current documentation until advised by Parties or requested by importers following discussions with their respective governments.***
- Why?
 - Parties must be compliant with Protocol – not trade.
 - Trade must be compliant with importer and exporter governments' requirements



Why Not Provide Information Before Import Government Requires Information?

- Confusion could develop at import ports if trade provides information on shipping documentation before required by importing government
- Import government officials who find unfamiliar information on shipping documentation could order stoppages in unload
- Stoppages in unload create increased costs and lead to disruptions in needed food supplies
- Therefore implementation of Biosafety Protocol LMO shipping documentation tends to occur at the speed at which governments adopt LMO shipping documentation regulations



EU LMO Import Shipping Documentation Requirements

QUANTITY ABOUT 25.000,000 METRIC TONNES
MAIZE, ARGENTINE

BOAT ACCOUNT [REDACTED]
FROM SAN LORENZO + BAHIA BLANCA
TO CARTAGENA
CIF FREE OUT 1 SP/1 SB HUELVA - TARRAGONA RANGE
BUYER WARRANTS THAT THE DESIGNATED DISCHARGE BERTH IS SAFE AND FACILITY IS
ISPS CERTIFIED
IN BULK

T E X T	TONS AT 1000 KG	PRICE AT 1000 KOS	AMOUNT
SEA BIRD	25.931,500	[REDACTED]	[REDACTED]
		N. STEUERB./WITHO. TAX EUR	[REDACTED]

CASH AGAINST DOCUMENTS OR AT BUYER'S OPTION BY DEFERRED PAYMENT UP TO MAX.
180 DAYS IN WHICH CASE THE SELLER WILL DEBIT THE BUYER WITH THE FINANCE
COSTS, BASIS EONIA + 0,75%

PAYMENT TO BE MADE TELEGRAPHICALLY IN OUR FAVOUR, CABLE FEES FOR OUR
ACCOUNT, TO [REDACTED], [REDACTED], [REDACTED], [REDACTED]
[REDACTED] UNDER REFERENCE [REDACTED] WITH TELEY ADVICE OF YOUR

THIS PRODUCT CONTAINS OR CONSISTS OF GMO MON-00810-6 / SYN-BT011-1 / ACS
ZM-003-2 / MON-00603-6 / MON-00863-5 / DAS-1507-1 / MON-00021-9



Mexican LMO Import Shipping Documentation Requirements

–Mexico/Canada/United States Trilateral Arrangement

- Created by three countries to clarify LMO transboundary shipping documentation requirements to be compliant with objectives of the Biosafety Protocol without interrupting trade in more than 20 million tonnes of grains and oilseeds imported annually to meet Mexico's food security needs

Mexico/Canada/United States Trilateral Arrangement

- “May contain” language on invoice to state:
 - “This shipment may contain living modified organisms intended for direct use as food, or feed or for processing, that are not intended for intentional introduction into the environment”
 - Last exporter prior to transboundary movement and first importer after transboundary movement on invoice are contact points
 - Adventitious presence of LMOs in a non-LMO shipment should not be considered a trigger for “may contain” documentation

Mexican LMO Shipping Documentation

Commercial Invoice

To: [Redacted] ero 1015
C.P. 01000, Mexico

Invoice Number: 78217171
Date: 02-Jan-2004

Vessel: M/V TRIUMPH
For: VERACRUZ, MEXICO

Loaded At: Westwego, Louisiana

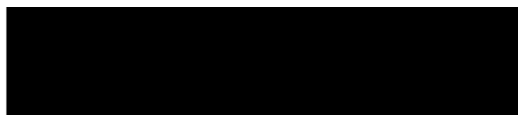
Bill of Lading Date: 02-Jan-2004

Lot: **D-NU-101688** Grade: **U.S. NO. 2 OR BETTER YELLOW SOYBEANS**

Shipped Quantity: 21,295.406 Metric Tons
At CIF Price: U.S. \$312.500000000 per Metric Ton

Price Breakdown:

Cartagena Protocol Provision: This shipment may contain living modified organisms intended for direct use as food or feed, or for processing, that are not intended for intentional introduction into the environment. Importer point of contact is Cargill de Mexico, S.A. de C.V., Mexico D.F.

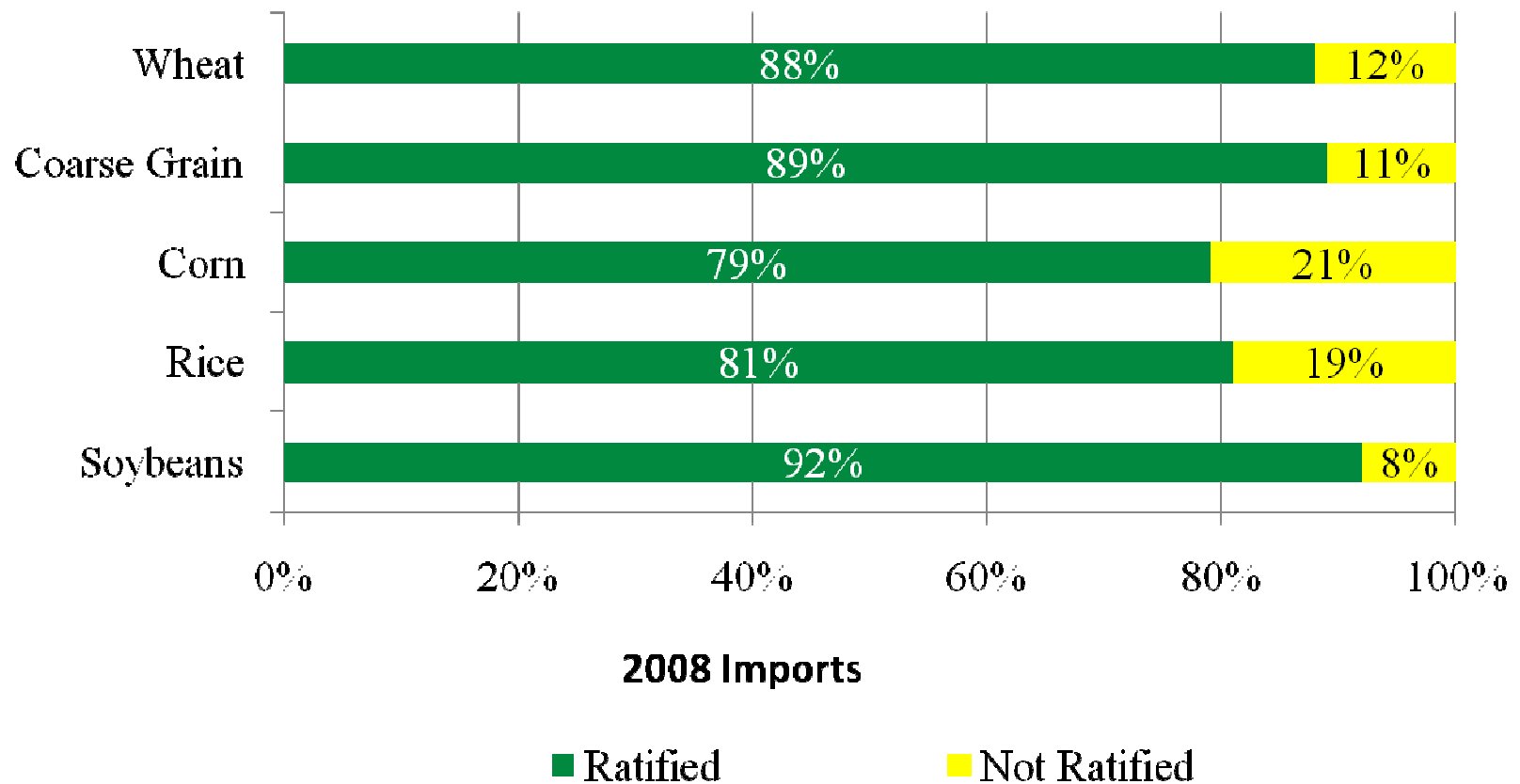


These commodities, technology, or software were exported from the United States in accordance with the Export Administration Regulations. Diversion contrary to U.S. law prohibited.

[Redacted] all opportunity employer, and this contract is subject to the rules and regulations imposed upon contractors and subcontractors pursuant to 41 C.F.R. Chapter 60. Unless this contract is exempt, there is incorporated herein by reference: 41 C.F.R. Section [Redacted]

Impact of BSP ratification on the food and feed supply chain

As of July 2009, 158 Parties (including the European Community) had ratified the Cartagena Protocol on Biosafety



Sources: NAEGA, WTO & CBP



Conclusions / Summary

- The existing documentation is
 - adequate to address the BSP existing requirements;
 - adequate to respond to risk management

Additional requirements will endanger food security primarily in food importing developing countries due to significantly higher costs that will occur in the bulk commodity handling system.