



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

**CENTRAL AND EASTERN EUROPEAN REGIONAL TRAINING-OF-TRAINERS WORKSHOP ON THE
IDENTIFICATION AND DOCUMENTATION OF LIVING MODIFIED ORGANISMS**

Ljubljana, Slovenia, 11-15 April 2011

Dr. Teresa Babuscio, COCERAL

Secretary General

International Grain Trade Coalition

www.igtglobal.com -
secretariat@igtglobal.com



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)

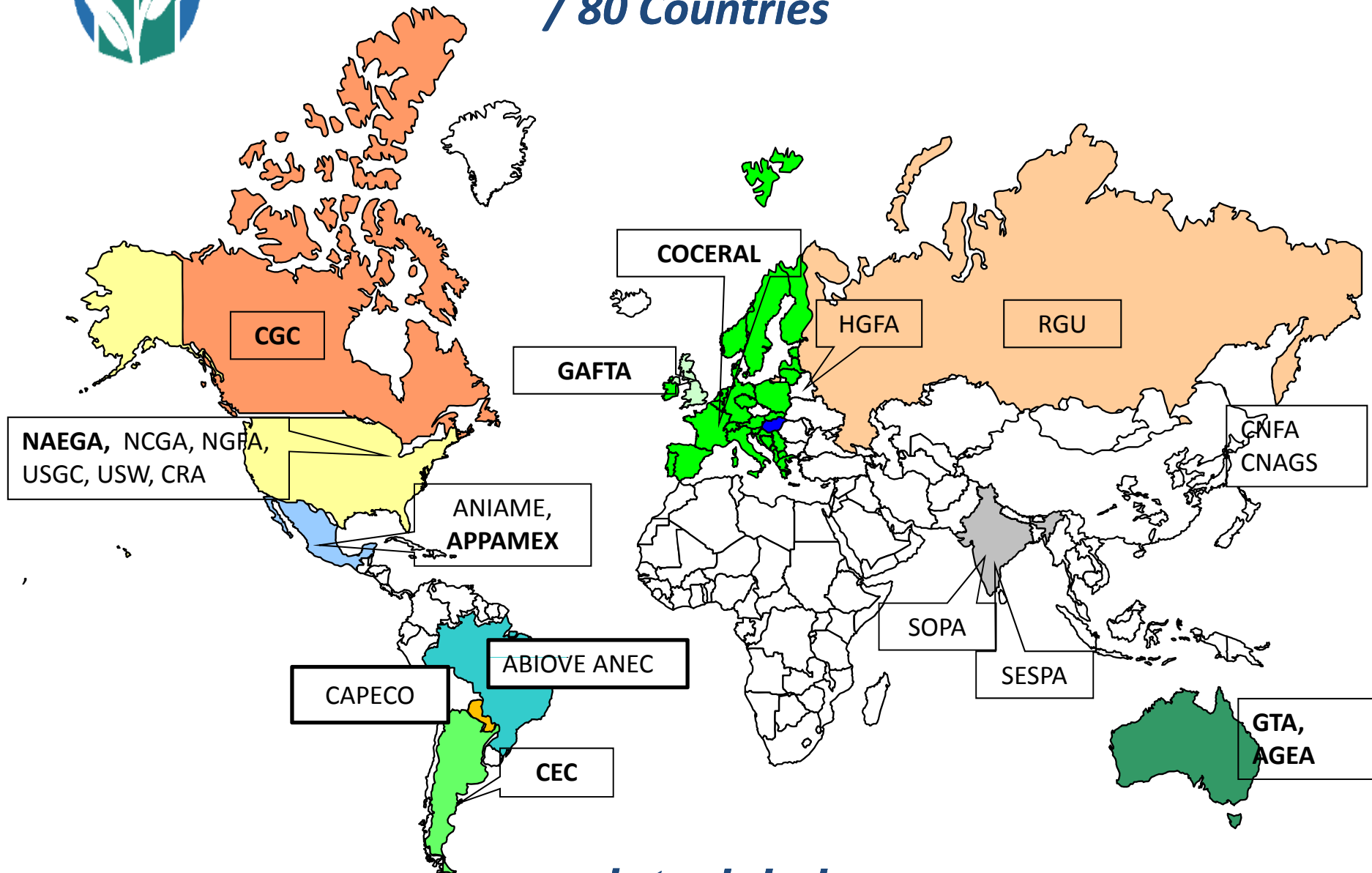


International Grain Trade Coalition (IGTC)

- 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 - 23 Organizations / 8000 Members
/ 80 Countries**



www.igtcglobal.com



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.**

Distinction between LMOs and GMOs

For Documentation under Cartagena Protocol

LMOs

- Must be capable of propagating/reproducing
- Examples:
Bulk Corn/Maize, Canola seeds, soy, cotton seed,
- All provisions of Cartagena documentation apply

PRODUCTS OF LMOs

- Meals, flours, oils that come from LMOs cannot reproduce, so are not under the scope of the Protocol
- No special documentation required by the protocol
- Examples:
Bulk soybean meal, canola meal, cottonseed meal, soyoil



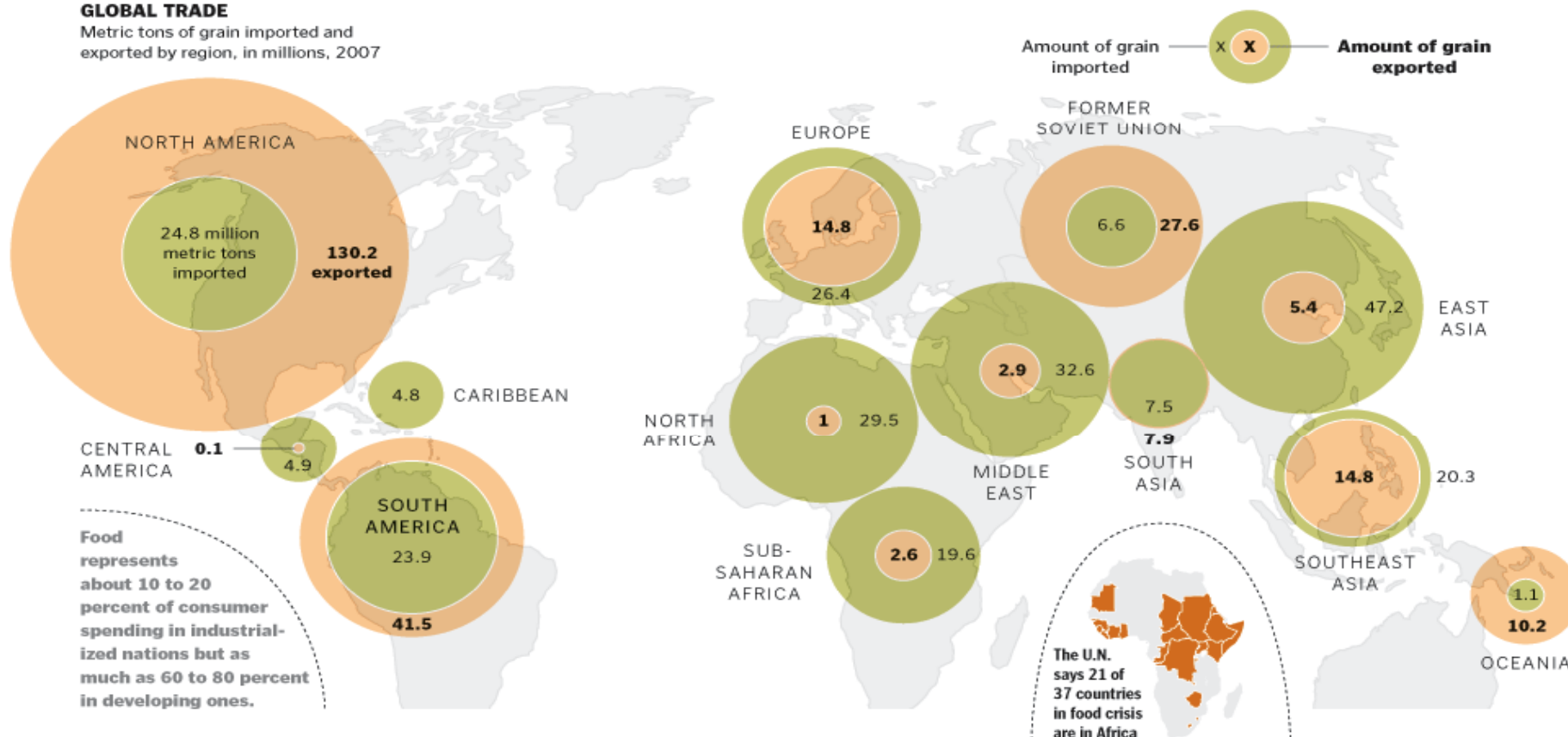


How much grains do we move?

*Size and Scope of International
Grain Industry*

GLOBAL TRADE

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



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.

SORGHUM

64.4 million metric tons total
8.9 million traded, 13.8 percent of total produced

WHEAT

607 million metric tons total

108.6 million metric tons traded, 17.9 percent of total

CORN

772 million metric tons total

96 million metric tons traded, 12.4 percent of total

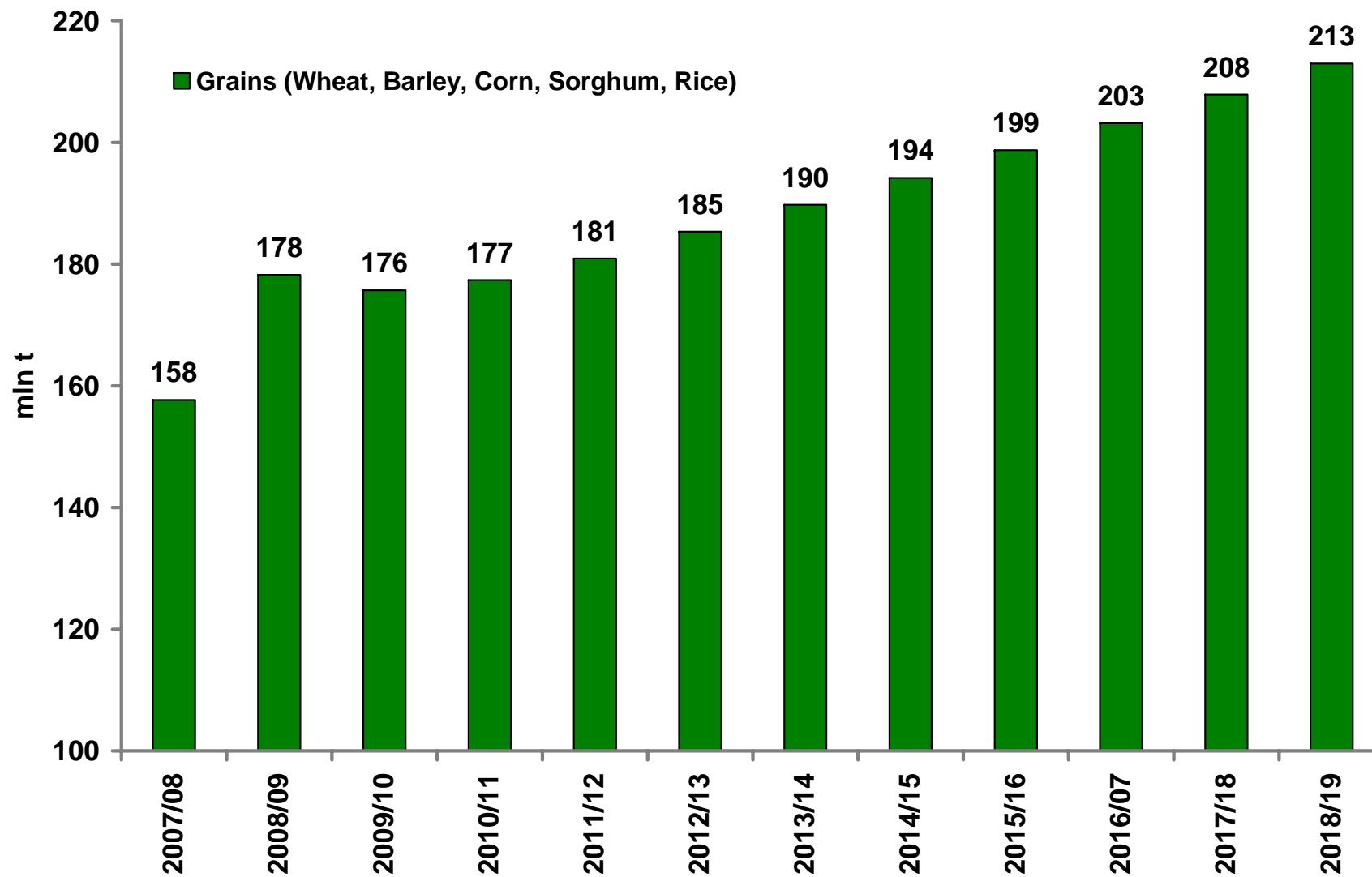
RICE

425.3 million metric tons total

27.5 million metric tons traded, 6.5 percent of total

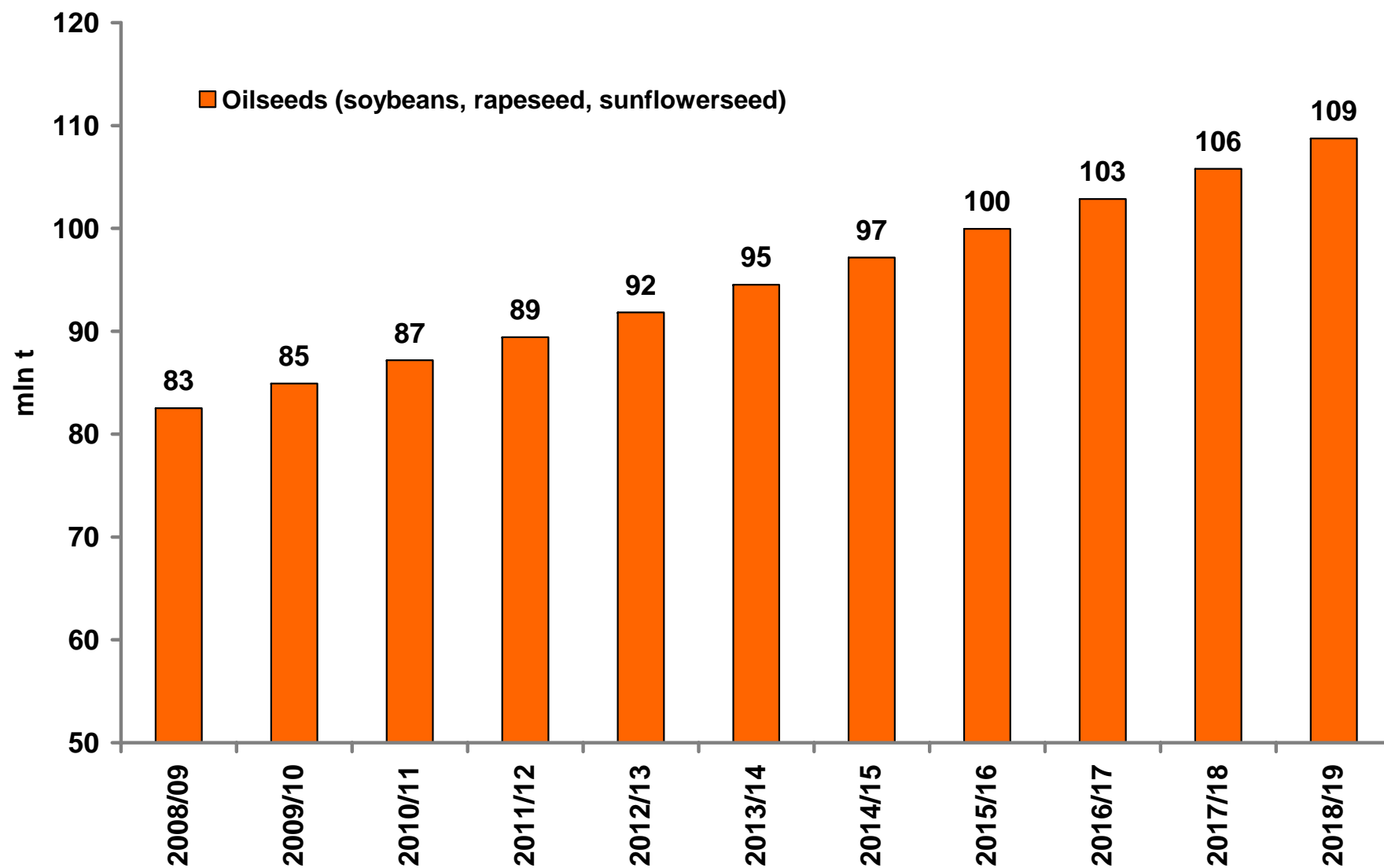
Trade

World Grain Trade



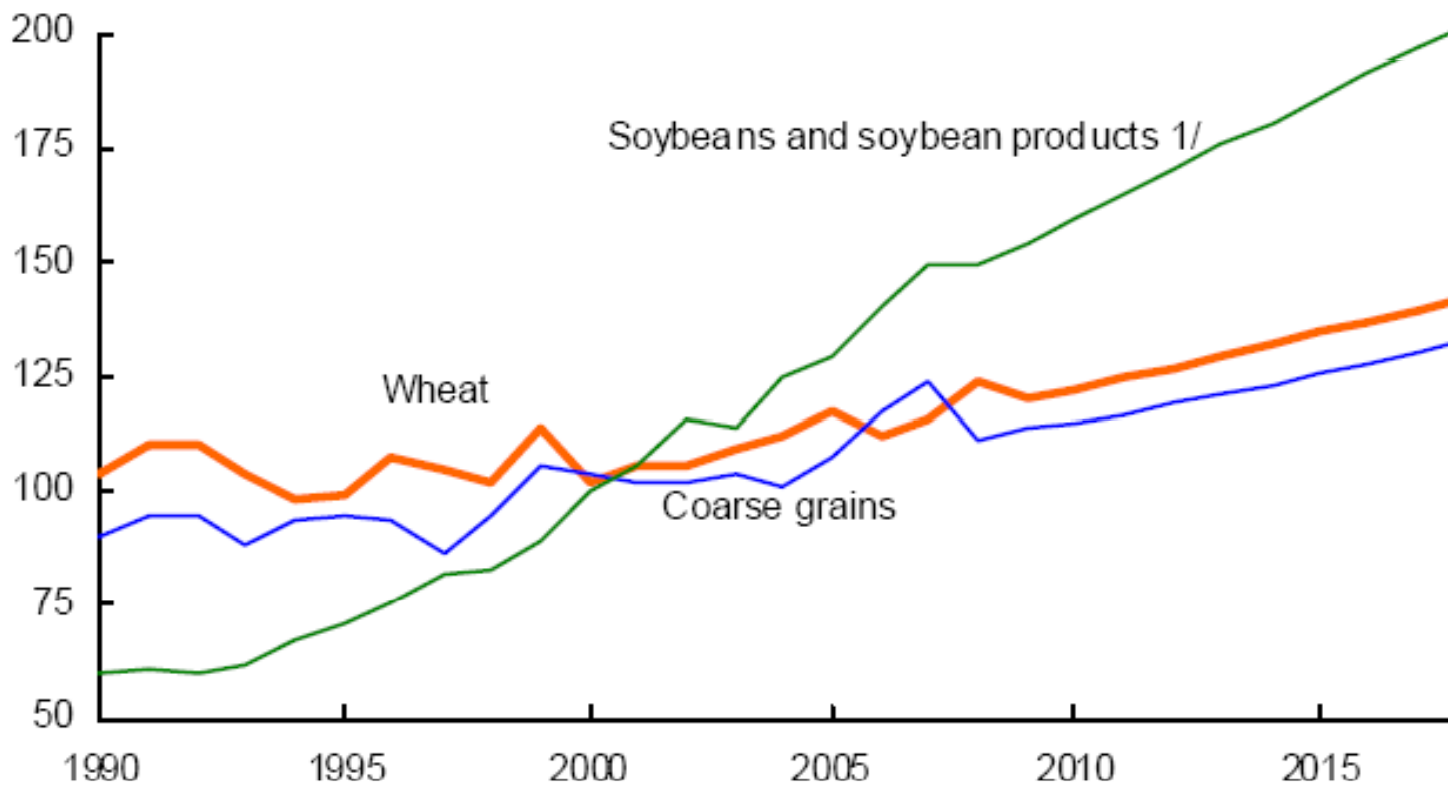
Source: USDA

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.



How do we move grains?

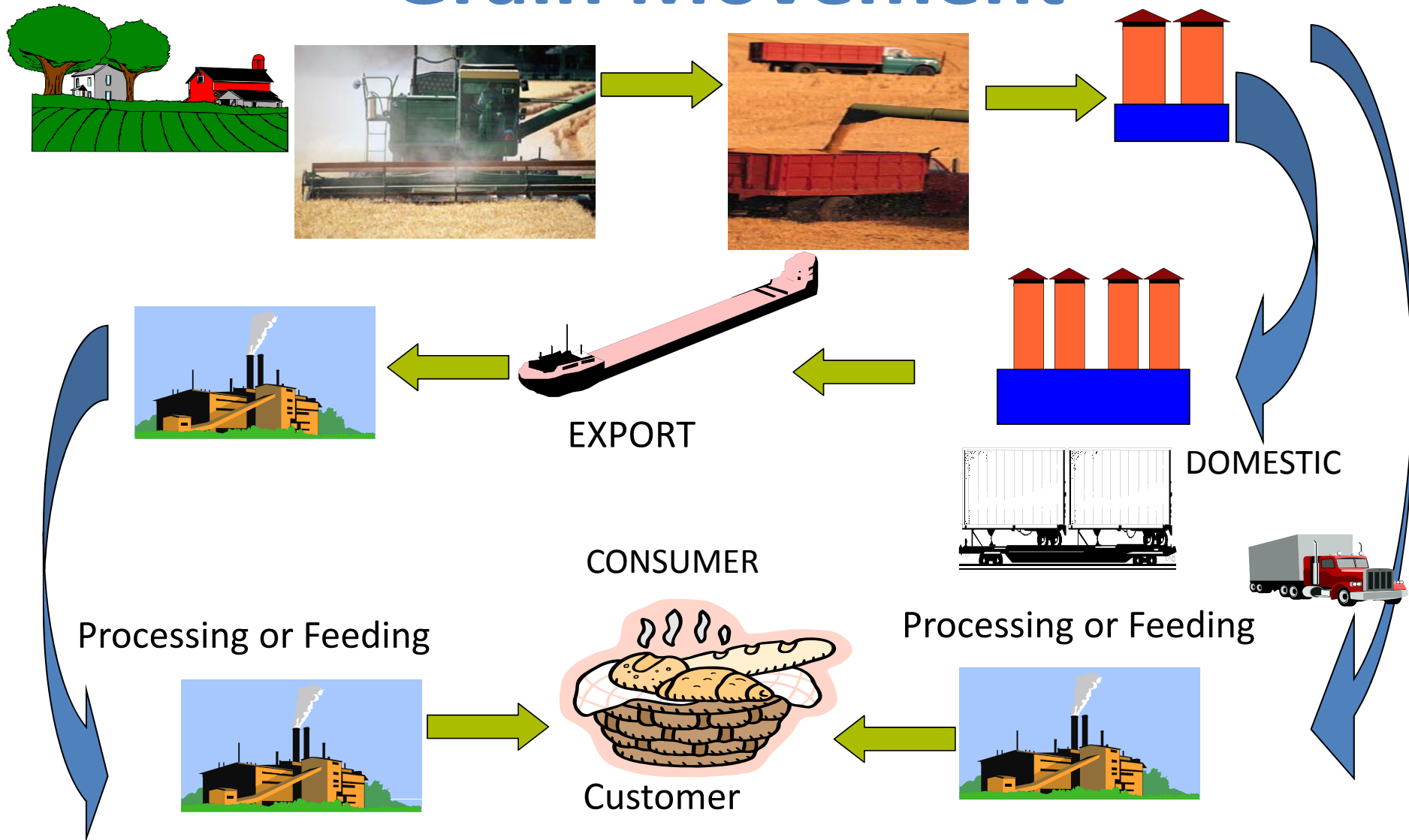
World Bulk Grain Handling Systems

International Grain Movements

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



Grain Movement



Seeding



www.igtcglobal.com -
secretariat@igtcglobal.com

Harvesting



Transport field to farm storage



Farm Storage



Primary elevator





Rail loading

www.igtglobal.com -
secretariat@igtglobal.com

Barge loading



Terminal



www.igtcglobal.com -
secretariat@igtcglobal.com

Storage systems

Enormous bins



www.igtcglobal.com -
secretariat@igtcglobal.com



Ocean Vessel 25,000 tonnes
plus

www.igtglobal.com -
secretariat@igtglobal.com

Transfer elevator Rotterdam



www.igtcglobal.com -
secretariat@igtcglobal.com

Loading barges Rotterdam



Grain Processor



www.igtcglobal.com -
secretariat@igtcglobal.com

World Bulk Grain Systems Summary

The grain industry's challenge = move commodities from areas of surplus to areas of deficit, provide for regulatory compliance , safety and cost efficiency

- 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
- Low Level Presence of LMOs may occur in all transboundary shipments of all commodities shipped from countries having LMOs in commercial production
 - “ The unavoidable and unintentional low level presence of an event produced through modern biotechnology that has undergone a full risk assessment based on CODEX plant guidelines and has been authorized at 100% consumption in one or more countries but not in the country of import

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 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



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

Rules for the transboundary movements of goods

International

- Maritime / Admiralty Law (IMO)
- Cargo Insurance / Banking Terms
- International Sale of Goods (CISG Convention)
- Food Safety (Codex)
- Plant Health (IPPC)
- **BIOSAFETY PROTOCOL**



Domestic

- Sale of Goods Regulation / Commercial codes
- Customs, Conveyance cleanliness
- Cargo and Crew Security
- GMOs authorizations and intellectual property
- Food, Feed and Environment Safety
- Product Quality

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



Notice to Trade # 8

- Issued 15th July 2009
 - **Reminder and Update: Documentation Requirements of the Cartagena Protocol on Biosafety**
 - 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



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

TEXT	TONS AT 1000 KG	PRICE AT 1000 KOS	AMOUNT
SEA BIRD	25.931,500	1000,00	25.931,500
	N. STEUERB./WITHO. TAX	EUR	2.816.702,95

[illegible]

www.igtglobal.com -
secretariat@igtglobal.com



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

[REDACTED]		Commercial Invoice
To:	[REDACTED] ero 1015	Invoice Number: 78217171 Date: 02-Jan-2004
	[REDACTED] C.P. 01000, Mexico	
Vessel:	Loaded At:	Bill of Lading Date:
M/V TRIUMPH	Westwego, Louisiana	02-Jan-2004
For:	[REDACTED]	
VERACRUZ, MEXICO		

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.

[REDACTED]

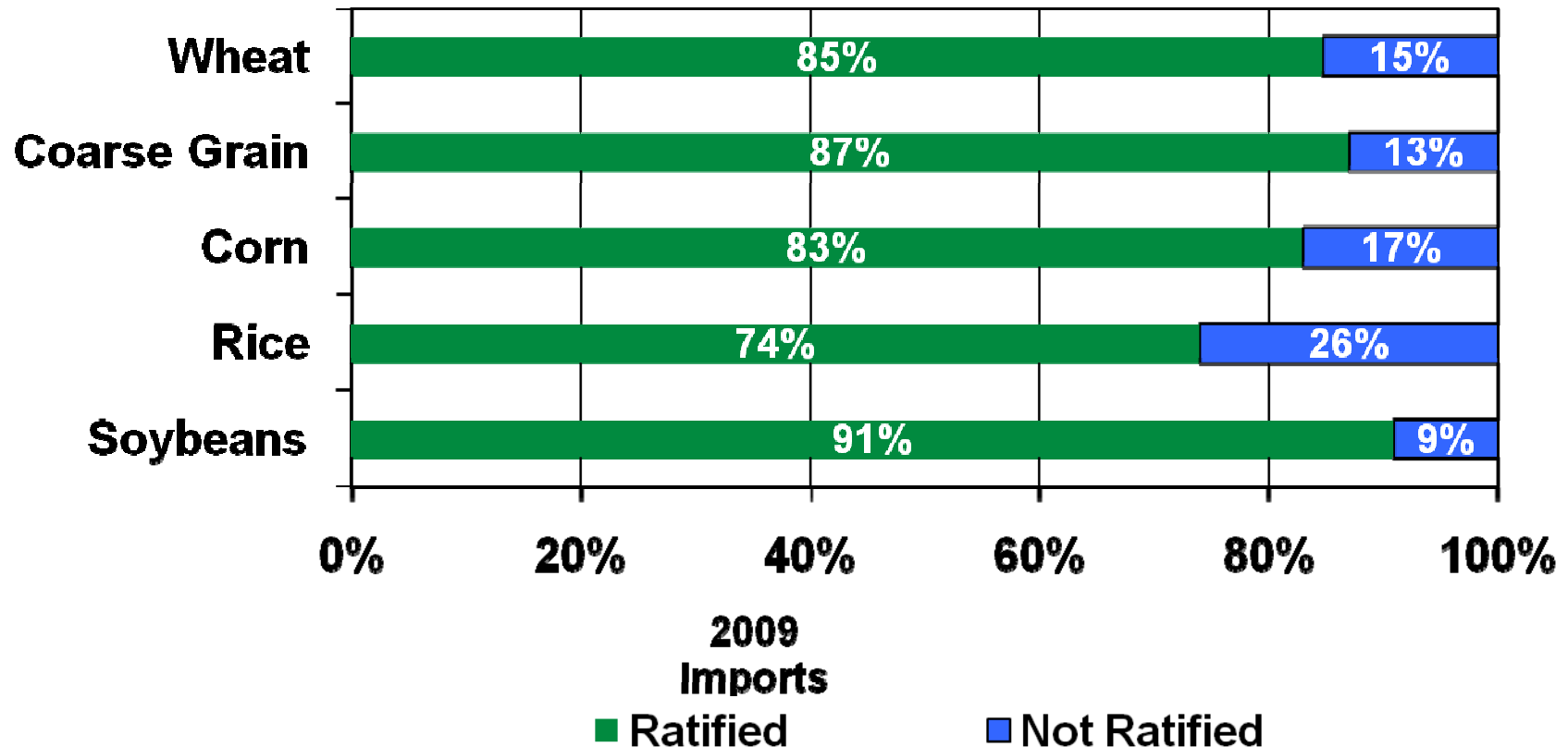
[REDACTED]

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] 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]

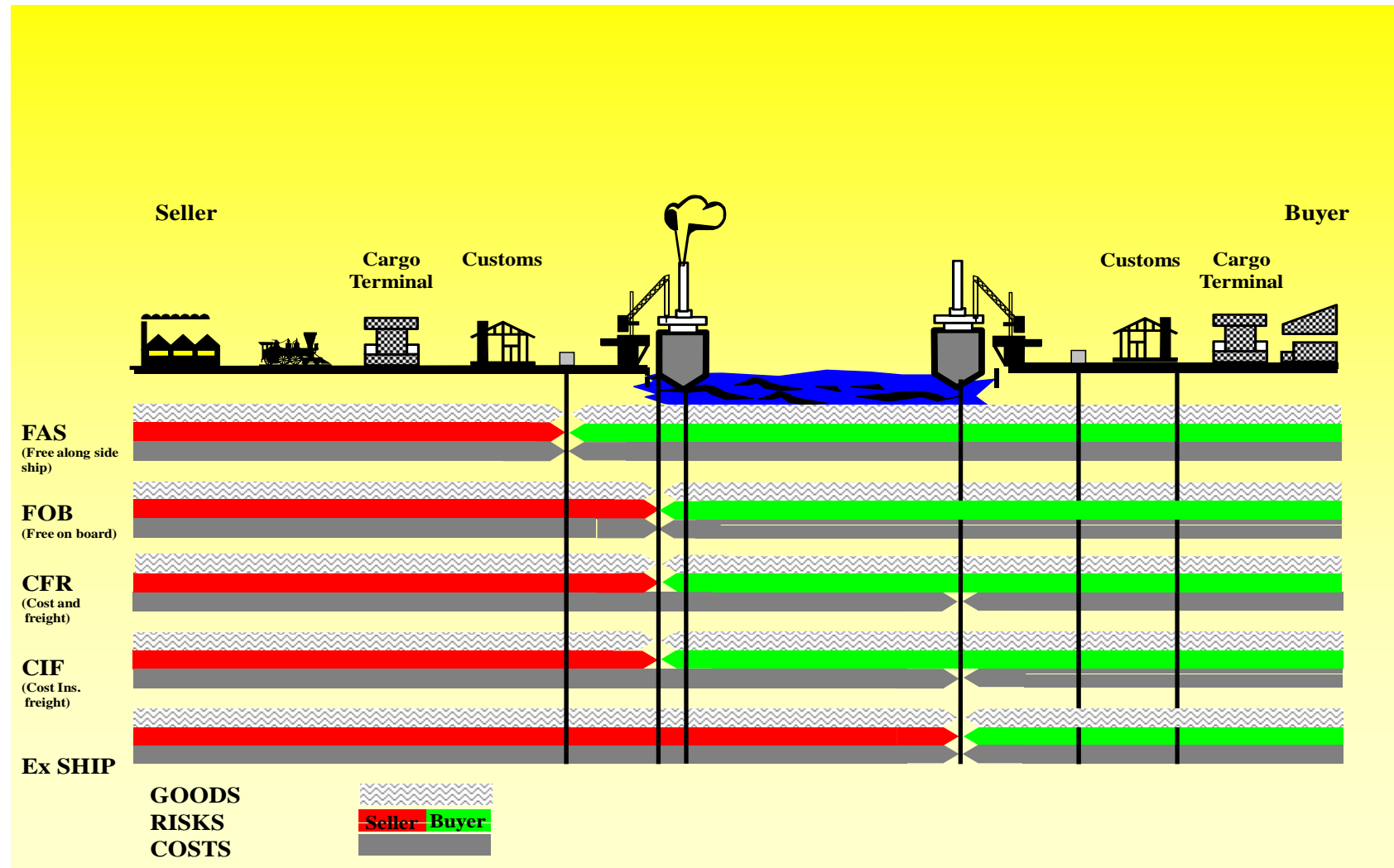
Impact of BSP ratification on the food and feed supply chain

As of September 2010, 160 Parties (including the European Community) had ratified the Cartagena Protocol on Biosafety

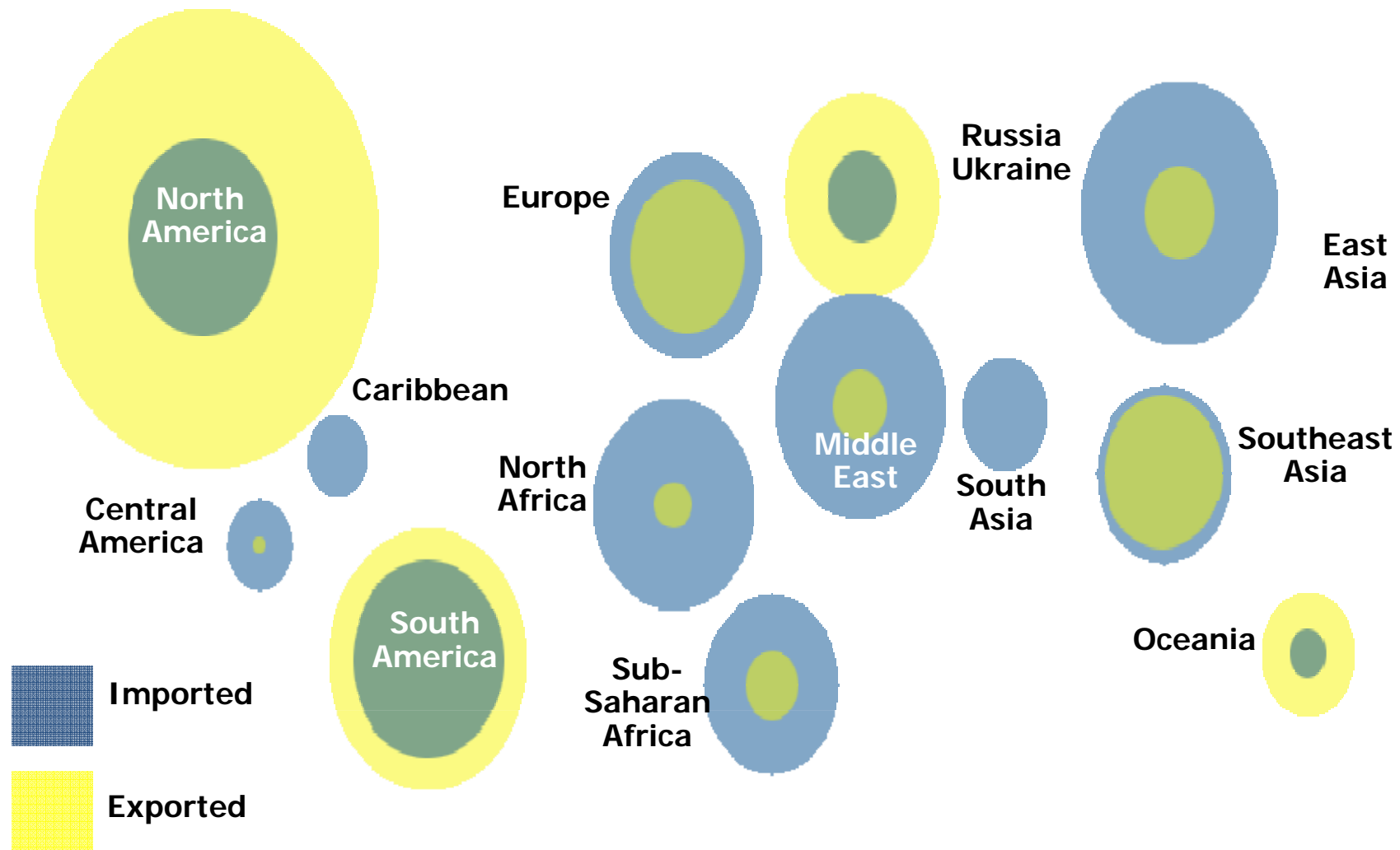


Source: USDA

Delivery Terms and Transfer of Risks Under Sale Contracts



Global grain trade today – buyers and sellers





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.