



Technews

National Dairy Development Board

For Efficient Dairy Plant Operation

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WTO, CODEX AND IDF

This bulletin includes technical information, latest development on products, systems, techniques etc. reported in journals, companies' leaflets and books and based on studies and experience. The technical information in different issues is on different areas of plant operation. It is hoped that the information contained herein, if employed in the dairy plant, will help in making its operations more efficient.

Your contributions and suggestions will make the bulletin more useful and are welcomed.

*The theme of information in this issue is **WTO, CODEX and IDF**. It may be understood that the information given here is by no means complete.*

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Technews wishes Happy Diwali to all readers

1. INTRODUCTION

India's annual milk production of 220 lakh tonnes during 1970-71 has now increased significantly to about 740 lakh tonnes during 1998, highest for any country, thanks mainly to the NDDB's **Operation Flood** programme. This represents about 13.3% of the world milk production. It has changed the India's dairy position in the international scene: from a position of importing dairy products till early 1970s, India started exporting surplus dairy products (milk powders, ghee, butter) since the early 1990s.

The international trade of milk/milk products represents about 7% of the world's annual milk production. The major exporting countries are European Community (47%), New Zealand (24%), Australia (10%) and USA (8%). India's share in exports presently is very small. But with a steady annual milk production growth rate of about 4.5%, India's export is expected to increase to a significant level.

The international trade is carried out either through following the **guidelines of the World Trade Organization (WTO)** or through bilateral negotiations. As bilateral agreements result in high transaction costs, most countries prefer to join WTO. India is a member of the WTO.

The WTO Agreements specify measures consistent with international standards and recommendations to be established for the international trade. The WTO

itself does not develop these standards but accepts those developed by the Codex Alimentarius Commission (CAC). In developing standards pertaining to milk and milk products, the CAC also takes help of the International Dairy Federation (IDF). Since these guidelines and standards have important bearing on the international trade, it is useful for the dairy processors to know about these organizations. This issue of Technews presents a brief account of functioning of WTO, CAC and IDF for the benefit of the dairy officials of co-operative dairy organizations.

2. WORLD TRADE ORGANIZATION

The General Agreement on Tariffs and Trade (GATT) was established in 1948 with India as one of the first signatory countries, for regulating international trade through multilateral negotiations. Agricultural issues were not included in those negotiations.

Agricultural issues were, however, included in the Uruguay Round of Multilateral Trade Negotiations, signed in Marrakash on 15 April 1994. GATT 1994, along with other Agreements including the Sanitary and Phytosanitary (SPS) Agreement and the Technical Barriers to Trade (TBT) Agreement, are part of the treaty which established the inter-governmental organization - World Trade Organization (WTO). The WTO superseded the GATT as the umbrella

organization for international trade, and became operative from 1 January 1995.

The WTO has its headquarters in Geneva.

Presently 134 countries including India are members of the WTO.

Thus WTO Agreements provide guidelines for export. Of special interest for export of dairy products are SPS Agreement and TBT Agreement. They have formally recognized the international standards, guidelines and recommendations, including the Codex Standards, as reference points for facilitating international trade and resolving trade disputes in international law.

SPS Agreement : Under the SPS Agreement all countries agree to maintain measures to ensure that food is safe for consumers, and to prevent the spread of pests or diseases among animals and plants. These SPS measures can take many forms, such as requiring products to come from a disease-free area, inspection of products, specific treatment or processing of products, setting of allowable maximum levels of pesticide residues or permitted use of only certain additives in food. Sanitary (human and animal health) and phytosanitary (plant health) measures apply to domestically produced food or local animal and plant diseases, as well as to products coming from other countries.

The SPS Agreement requires countries to employ Codex Standards for food safety, unless they can scientifically

prove that their own standards need to be higher. Several key provisions in the Agreement for setting food standards include the following:

- regulations based on science
- use of risk assessment
- use of international standards
- specific reference to Codex as the provider of standards
- participation in the international organizations, such as Codex.

Some of the measures required under the SPS Agreement are given in Table 1.

Table 1 Some measures included in the SPS Agreement

- Food additives in foods or beverages
- Contaminants in foods or beverages
- Toxins in foods or beverages
- Veterinary drugs or pesticide residues in food
- Certification of food safety/animal or plant health certificates
- Processing methods with implications for food safety
- Labelling requirements directly related to food safety
- Plant/animal quarantine
- Requirements for the establishment of pest/disease free areas
- Procedures related to the prevention of spread, control and/or eradication of pests/diseases to a country
- Sanitary requirements on other imported products i.e. imported pallets used for transport of animals
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The SPS Agreement, while permitting governments to maintain appropriate SPS protection, reduces possible **arbitrariness** of decision and, encourages consistent decision-making and restricts the use of unjustified SPS measures for the purpose of trade protection.

In a trade dispute regarding a sanitary or phytosanitary measure, the normal WTO dispute settlement procedures are used, and advice from appropriate scientific experts can be sought.

SPS Committee: The SPS Committee, established by the SPS Agreement, provides a forum for consultations about food safety or animal and plant health measures which affect trade. It also ensures the implementation of the SPS Agreement. The Committee is open to all WTO Member countries. The Committee also invites representatives of several international intergovernmental organizations as observers, i.e. Codex, OIE (The Office International des Epizooties, also known as the World Animal Health Organization), FAO, WHO, UNCTAD (United Nations Conference on Trade & Development), IPPC (the International Plant Protection Convention), ITC (the International Trade Centre) and ISO (International Organization for Standardization). The SPS Committee meets at least twice a year.

TBT Agreement: The TBT Agreement covers all technical regulations, voluntary standards and procedures to ensure that these are met, except when these are SPS measures. Measures for environmental protection (other than

related to animals or plants), to protect consumer interests and for the welfare of animals are included in this Agreement. For foods, labelling requirements, nutrition claims and concerns, quality & packaging regulations are normally subject of the TBT Agreement.

Although, the TBT Agreement does not specifically mention Codex as the international standards reference, it inherently employs Codex Commodity Standards where applicable.

Like in the case of SPS, the TBT Agreement has also established a Committee on TBT Measures, called the 'TBT Committee'. The Committee meets at least twice a year to discuss aspects of technical regulations, labelling, packaging and commodity standards. The Committee ensures that the TBT Agreement is implemented.

Trade Dispute Settlement: The WTO has set up procedures for settlement of trade disputes of the member governments. Non-governmental entities can represent their problems to their government which can seek redress through the WTO.

The WTO's dispute settlement procedures encourage the governments involved to find a mutually acceptable solution through formal consultations. If this fails, then they can choose other listed means of dispute settlement, including good offices, conciliation, mediation and arbitration. Alternatively, a government can request an impartial panel of trade experts to be established to resolve the disputes.

The panel can seek technical/scientific advice from technical expert groups. The panel submits its recommendations for consideration by the WTO Dispute Settlement Body (DSB), where all WTO member countries are represented. Unless the DSB rejects the recommendations by consensus, or unless one of the parties appeals against the decision, the defending party is obliged to implement the panel's recommendations.

3. CODEX ALIMENTARIUS COMMISSION

In Latin, Codex means Code or law and Alimentarius means food. Thus Codex Alimentarius means Food Laws.

The Codex Alimentarius Commission (CAC) was established jointly by the Food and Agriculture Organization (FAO) and the World Health Organization (WHO) in May 1963. Its main objectives are:

- * Preparing and finalizing/modifying international food standards,
- * Co-ordinating food standards work of international governmental and non-governmental organizations, and
- * Protecting consumers' health and ensuring fair practices in the food trade.

The Codex Standards were not used widely until 1994 when, as stated earlier, WTO Agreements (SPS and TBT Agreements) recognized Codex Standards, guidelines and

recommendations as reference points for international trade and trade dispute settlement. Hence, Codex work has now assumed special significance.

Presently, 165 countries, including India, are members of the CAC, representing 98% of the world's population.

ORGANIZATION : The CAC functions through the organizational structure as shown in Fig. 1

The standards/guidelines are formulated and developed appropriately by the Codex Committees assisted by, whenever required and necessary, Joint FAO/WHO Expert Committees, International Dairy Federation (IDF), OIE and other international organizations. The Secretariat administers and services Commission and Executive meetings, and co-ordinates the activities of the various Codex Committees. The Commission meets every two years, alternatively at FAO headquarters in Rome and at WHO headquarters in Geneva. In these sessions, the Commission considers the proposed draft standards for adoption, approves new work and reviews the work in hand. The last session was held in Rome during June-July 1999.

Executive Committee: The EC has the same Chairperson and the 3 Vice Chairpersons. In addition, it has 7 members on regional basis, one each from the regions of Africa, Asia, Europe, Latin America and the Caribbean, Near East, North America and South-West Pacific. The members are elected by the regional representatives in the CAC

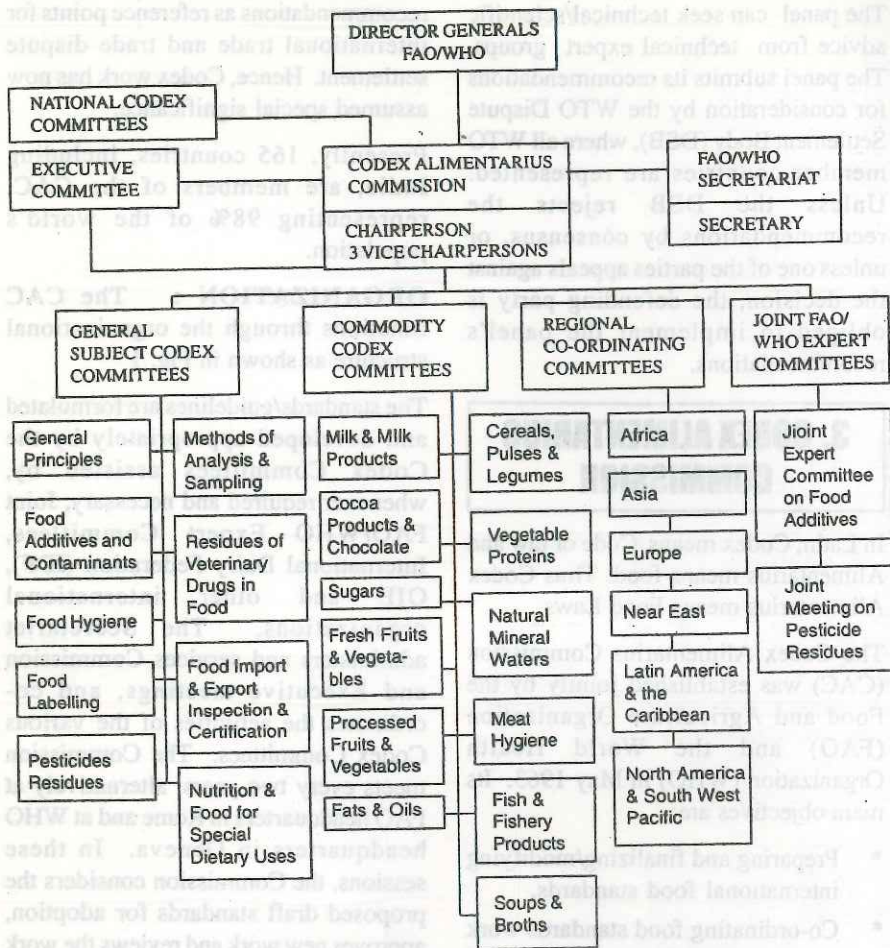


Fig.1 Organization of Codex Alimentarius Commission

Sessions for a term of 2 sessions (that is 4 years). The members can be re-elected for another term in continuation.

The EC normally meets before the CAC sessions.

Subsidiary Bodies : The Commission has established two kinds of subsidiary bodies :

- * **Codex Committees**, which prepare draft standards for submission to the Commission, and
- * **Co-ordinating Committees**, through which regions or groups of countries co-ordinate food standards activities in the region, including the development of regional standards.

Normally each Committee is hosted by a member country which also provides its Chairperson.

Codex Committees are of two types: General Subject Committees and Commodity Committees

There are nine **General Subject Committees** (Fig.1) which carry out work that has relevance for all Commodity Committees. Hence these are also referred to as 'horizontal committees'.

There are twelve **Commodity Committees** (Fig.1) which develop standards for specific foods or classes of food. They are often referred to as "vertical committees".

Co-ordinating Committees: There are six regional Co-ordinating Committees, one each for Africa, Asia, Europe, Near East, Latin America & the Caribbean and North America & South West Pacific

Co-ordinator/Chairperson for each Co-ordinating Committee is elected for a term of 2 CAC Sessions (4 years), and may be re-elected for another term only. The subsidiary committees meet at one - to two-year intervals according to need.

Joint FAO/WHO Expert Committees: While developing standards, the subsidiary bodies may, whenever required, seek technical assistance/ advice, such as on food additives and pesticides, from the Joint FAO/WHO Expert Committees. There are two such Committees:

* Joint Expert Committee on Food Additives (JECFA), and

* Joint Meeting on Pesticide Residues (JMPR)

National Codex Committees: Each member country is represented in the Commission by its National Codex Committee (NCC) or National Codex Contact Point (CCP) for all official communications. For finalizing its technical opinion on any draft standard received from the Secretariat of the Commission on behalf of the Codex Committees, the NCC has Shadow Committees on the important Codex Committees, such as Shadow Committee on CCMMP. The Shadow Committees are composed of experts, and meet whenever required.

India's Codex Contact Point is Asst. Director General (PFA) & Liaison Officers, National Codex Committee, Directorate General of Health Services, New Delhi.

ELABORATION OF CODEX

STANDARDS: The Codex Standards are developed through an 8-step procedure (see Table 2). A proposal for a standard to be developed can be submitted to the CAC by a national government or a subsidiary committee.

Table 2 Elaboration of Codex Standards

Step 1 : Commission decides to elaborate a std, assigns to a Committee

Step 2 : The Secretariat arranges for the preparation of the proposed draft std

Step 3 : The secretariat sends the proposed draft std to the members of the commission for comments

Step 4 : The Secretariat then sends comments recd to the committee for action

Step 5 : Committee, through the secretariat, submits the proposed draft std to the Commission/EC for adoption as a draft std. members comments too submitted.

Step 6 : Secretariat sends the draft std to all members for comments

Step 7 : Comments received by Secretariat to the committee for consideration

Step 8 : The Committee, through the secretariat, submits the draft std to the Commission for adoption. members' comments too submitted.

Once adopted by the Commission, a Codex Standard is added to the Codex Alimentarius.

A Codex Commodity Standard includes the following information:

- * Scope
- * Description, essential composition and quality factors
- * Food additives
- * Contaminants
- * Hygiene and weights and measures
- * Labelling
- * Methods of analysis and sampling

An important aspect of developing Codex Standard is that it should be based on science.

Table 3 provides details of the Codex work completed.

Table 3 Codex work completed

Food standards for commodities	≈	240
Codes of hygienic/technological practice	≈	40
Limits for pesticide residues	≈	3280
Guidelines for contaminants	≈	25
Food additives evaluated	≈	1000
Veterinary drugs evaluated	≈	55

4. INTERNATIONAL DAIRY FEDERATION

The International Dairy Federation (IDF) was founded in 1903 in Brussels. However, it attained the status of international association on 5 November 1955 by Belgium Royal Decree. Its registered office will remain in Brussels.

IDF's mission is to promote and enhance the image, trade, production and consumption of milk and milk products world-wide by collecting and disseminating scientific, technical and economic information and by providing a platform for meaningful exchange of professional knowledge and discussion.

IDF's members are National Committees (NCs) constituted by dairy organisations in each country. The NC represents its country in the IDF.

In India, the Indian NC is the Board of the National Dairy Development Board (NDDDB) as notified by the Govt. Of India. The Chairman of the NDDDB is the President of the INC. The present

membership of the IDF is 35 full members (having voting right) and 5 associate members (without voting right).

The Federation's languages are English and French. In addition German is also used in discussions.

Management Structure : The work of the IDF is carried out through the organizational structure as shown in Fig. 2.

The General Assembly (GA) of the members of the Federation is the supreme authority of IDF. The GA is formed of the delegates of NCs of full members. Each NC of a full member has one vote. Decisions are carried by a simple majority vote of the NCs of full members present or by proxy. A quorum is constituted by at least 50% of the NCs of full members present or represented by proxy.

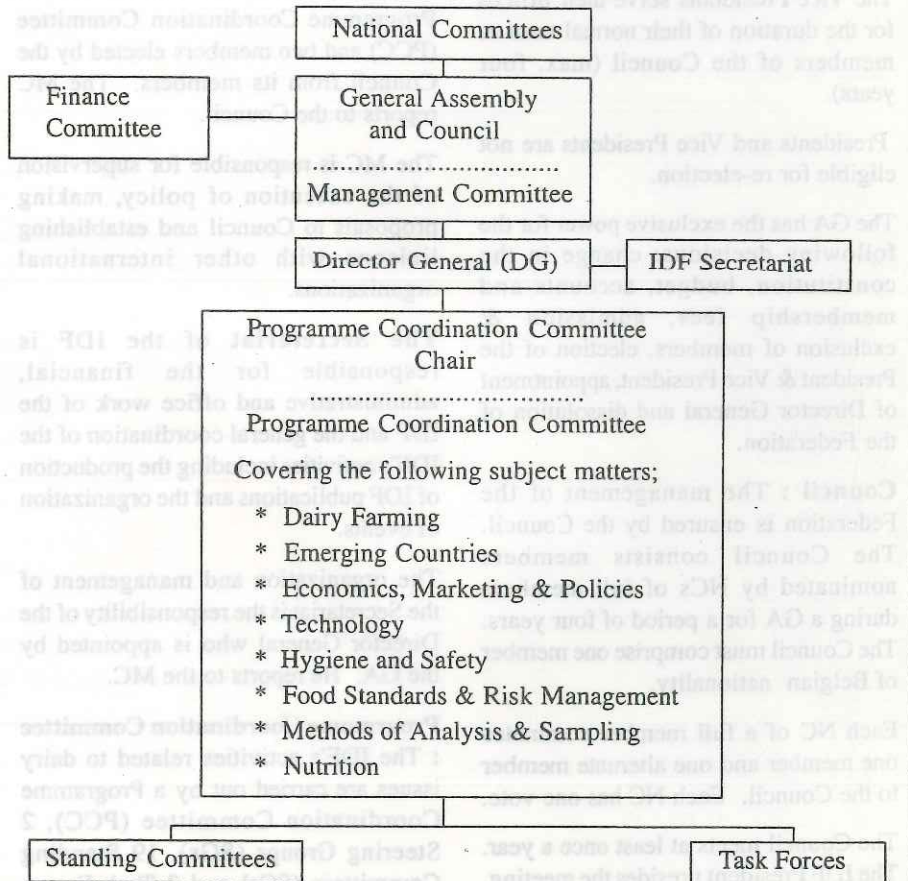


Fig. 2 Organization Chart of the IDF

The GA meets at least once a year. The last session of the IDF was held at Athens from September 13 to 18, 1999. In this Session, IDF's New Strategic Plan was approved to be effective from September 19, 1999.

The GA elects its President (who presides the GA Session) from the candidates nominated by NCs of full members, and two Vice Presidents from amongst the members of the council. The President is elected for four years. The Vice Presidents serve their offices for the duration of their normal term as members of the Council (max. four years).

Presidents and Vice Presidents are not eligible for re-election.

The GA has the exclusive power for the following decisions: change in the constitution, budget, accounts and membership fees, admission & exclusion of members, election of the President & Vice President, appointment of Director General and dissolution of the Federation.

Council : The management of the Federation is ensured by the Council. The Council consists members nominated by NCs of full members during a GA for a period of four years. The Council must comprise one member of Belgian nationality.

Each NC of a full member nominates one member and one alternate member to the Council. Each NC has one vote.

The Council meets at least once a year. The IDF President presides the meeting.

The decisions are taken in the similar way as in the GA.

The responsibilities of the Council comprise : general policy, rules of order, allocation of resources and appointment of various committees.

Management Committee : Between the Council meetings, the Federation is administered by a **Management Committee (MC)** consisting of the Federation President, the Vice Presidents, the President of the Programme Coordination Committee (PCC) and two members elected by the Council from its members. The MC reports to the Council.

The MC is responsible for supervision of the execution of policy, making proposals to Council and establishing liaisons with other international organizations.

The Secretariat of the IDF is responsible for the financial, administrative and office work of the IDF and the general coordination of the IDF's activities including the production of IDF publications and the organization of events.

The organization and management of the Secretariat is the responsibility of the Director General who is appointed by the GA. He reports to the MC.

Programme Coordination Committee : The IDF's activities related to dairy issues are carried out by a Programme Coordination Committee (PCC), 2 Steering Groups (SGs), 19 Standing Committees (SCs) and 3 Task Forces

(TFs). The SGs, SCs and TFs report to the PCC.

The PCC supervises IDF's Programme of work - scientific, technical and economic aspects of dairy issues undertaken by the SGs, SCs, and TFs, recommends to NCs on new work proposals, and mediates in cases of disputes between the members of a subordinate committee/group. The PCC reports to the Council via the Director General.

The PCC comprises eight members, each responsible for one of the eight subject fields as shown in Fig. 2, and a Chair (President) all elected by the Council from candidates nominated by NCs. Dr. Amrita Patel, Chairman, NDDB, has been elected as the member for Emerging Countries. The term of office of a member and the Chair is two years. It is renewable for one succeeding term only.

The PCC meets at least twice yearly.

The two Steering Groups are: Food Standards Steering Group (FSSG) and

Methods Standards Steering Group (MSSG). The Chairman of the FSSG is the member of the PCC responsible for Food Standards and Risk Management, and the Chairman of the MSSG is the member of the PCC responsible for Methods of Analysis and Sampling.

The Standing Committees and Task Forces carry out the technical work. There are 19 Standing Committees on different areas of activity. SCs may appoint Action Teams of experts from among their members to deal with individual work items. The SCs consist of experts nominated by the NCs.

The three Task Forces have restricted work items to complete in a fixed time schedule. The TFs have experts nominated by NCs. Task Forces and Action Teams are disbanded after completion of the work.

NCs are consulted on all the works through questionnaires which are sent by the Secretariat.