Fonterra Co-operative Group Ltd Submission on Draft Technical Requirements Registered Certification Mark (ISPM 15)

26 April 2006

Fonterra Co-operative Group Ltd

Fonterra Co-operative Group Ltd is a leading multinational dairy company, co-operatively owned by 11,332 New Zealand supplier shareholders. Exporting 96 percent of our shareholders’ production, Fonterra is the world's largest exporter of dairy products, responsible for a third of international dairy trade across open borders.

Fonterra's global supply chain stretches from our shareholders' farms in New Zealand to customers and consumers in 140 countries. Collecting more than 13 billion litres of milk a year, we manufacture and market over 2 million tonnes of product annually, making us the world's leader in large scale milk procurement, processing and management, with some of the world's best known dairy brands.

Submission

Fonterra appreciates the opportunity to comment on the draft Technical Requirements for the Registered Certification Mark.

1 Section 3.1 - Application of the registered certification mark

iii. placed in a clearly visible location on at least 2 sides of the article being approved. (Note: On pallets, this could be on the inner faces of the blocks as these are more visible to an inspector when looking inside a container or anywhere else where pallets are stacked).

The vast majority of Fonterra's pallets are 2-way entry and have bearers rather than blocks. Blocks are normally associated with 4-way entry pallets. Whilst it is appreciated that 4-way entry pallets can be positioned in containers where only one mark could be hidden, this is not the case with 2-way entry pallets where one mark in the appropriate place, on the outside of outer bearers, would be sufficient.

The current IPPC ISPM 15 Standard states “ placed in a visible location, preferably on at least two opposite sides of the article being certified”.

The AgriQuality Wood Packaging Program Guidelines states “The mark must be placed on each article, preferably twice, on opposite vertical surfaces, but at least once, where it is not likely to be obscured by the goods when packed”.

Fonterra considers that the requirement, to put the certification mark on two sides of the article, is not necessary for 2-way entry pallets, and that the word “preferably” should be retained.

2 Section 5 – Repair, re-manufacture and recycle of previously approved wood approved packaging

Repaired, re-manufactured and recycled wood packaging material shall be remarked and all wood shall have been subject to the same treatment (ie it is not possible to mix components that have been heat treated with components that have been fumigated in the same article of wood packaging material). If fumigated and heat treated components are to be mixed during the repair, re-manufacture of recycling process, re-treatment of the wood will be necessary.

The final wood packaging product shall display the registered certification mark of the registered organisation and/or treatment supplier that has altered the wooden packaging article. All other certification marks shall be completely removed.

It is vital that the suggested changes do not result in any adverse impacts on the export industry, and in particular the Dairy Industry, which already operates under an effective regulatory regime.

Fonterra understands that Germany has recognised the impact that remarking has and now allows individual repair boards to be stamped with a certified mark. This means that two or more stamps from different companies can occur on one and the same packaging material. This option would allow heat treated and fumigated components to be mixed on the same wooden packaging article.

The Advisory Council of the UKWPMMMP has also recognised this issue and is prepared to consider exemptions. Refer to attached Timcon Press Release dated February 2005. “Closed loop” pallet pools will be considered for such exceptional status. The Fonterra pallet pool is a "closed loop" system in New Zealand with nominated repairers.

Fonterra considers that the current “closed loop” wooden pallets and wooden cheese bin pools should be exempt from Section 5 of the draft Technical Requirements, in a manner similar to that proposed by the UKWPMMMP Advisory Council.

If there are any queries relating to this submission, please contact Brian Hall on +64 7 578 8240 (phone) or email brian.hall@fonterra.com.

Yours sincerely

Roger Hall
Regulatory Standards Manager
UKWPMMP - CLARIFICATION NOTE

Release Date: February 2005

FEBRUARY 2005 - CLARIFICATION NOTE

To: ALL PARTICIPANTS IN THE
U.K. WOOD PACKAGING MATERIAL MARKING PROGRAMME

The Advisory Council of the UK Wood Packaging Material Marking Programme met on 8 February 2005, and I write to inform you of the following decisions and matters of clarification:

1. REPAIR OF ISPM15 COMPLIANT WOOD PACKAGING MATERIAL

Following repair, the entire item of wood packaging must be re-treated and re-marked. This includes repaired, recycled and re-manufactured wood packaging material. For example, pallets marked HT that are repaired must be reheat treated in their entirety (i.e., the complete pallet). The accreditation mark of the repairer must be applied, and all previous ISPM15 marks must be removed.

The Advisory Council is prepared to consider exemptions, where parties can demonstrate that they have adequate control of the repair system to ensure that by using only treated components the entire piece of packaging material is ISPM15 compliant. Such exemptions will require a rigorous audit and will be subject to receipt of prior written approval by the Secretariat.

“Closed loop” pallet hire pools will be considered for such exceptional status, subject to the Forestry Commission being satisfied with the NPPO approved schemes in all Countries in which pallets are manufactured and/or repaired for the particular pool.
In all circumstances, each site at which wood packaging material is repaired will have to belong to the UKWPMMP and will be subject to inspection.

2. ASSESSMENT FREQUENCY

In order to maintain the standing and acceptability of the UKWPMMP, it is confirmed that each individual site is subject to TWO inspections per annum.

Further, it is advised that UNANNOUNCED INSPECTIONS may take place at any time, in accordance with the Rules of the Programme.

3. UKAS ASSESSMENT

All data loggers and probes i.e. those used as one complete temperature recording unit will continue to be required to be calibrated on a annual basis by a UKAS accredited company. Details of UKAS accredited companies can be obtained from UKAS at www.ukas.org, Tel 020 8917 8420 or email av@ukas.com

4. FEES

The current fee structure for joining and bi-annual assessment is to continue unchanged.

Issued by:- UK WPMMP Secretariat
840 Melton Road
Thurmaston
Leicester LE4 8BN
Tel: 0116 2640579 , Fax: 0116 2640141